

China Merchants Bank Co., Ltd.

2021 Sustainability Report

H Share Stock Code: 03968

Preference Share Stock Code: 04614

March 2022

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About the Report

Since 2007, China Merchants Bank Co., Ltd. (“CMB”, the “Bank”, our “Bank” or “We”) has periodically published corporate social responsibility (CSR)/sustainability reports to disclose sustainability-related information such as governance, economic, social, and environmental. This report is the 16th CSR/sustainability report issued by CMB.

Reporting Scope

Organizations covered by the Report: The Report is primarily about CMB and covers the Head Office, branches at home and abroad, CMB Wing Lung Bank, CMB Financial Leasing, CMB International Capital, CMB Wealth Management, China Merchants Fund and other CMB subsidiaries, as well as Cigna & CMB Life Insurance, Merchants Union Consumer Finance and other major joint ventures of CMB.

Reporting Period: From January 1, 2021 to December 31, 2021. Part of the Report is beyond the reporting period in order to ensure consistency.

Release Cycle: This is an annual report. The previous report was released in March 2021.

Reporting Standards

This Report is prepared in accordance with the “core” disclosure guidelines under the *Global Reporting Initiative (GRI) Standards* issued by the Global Sustainability Standards Board (GSSB). For details about indicators described in this report, please see the “GRI content index as per GRI Standards” in the “Relevant Content Index”.

CMB is a listed company (stock code: 03968) on the main board of the Hong Kong Stock Exchange (“HKEx”). The Report also references Appendix 27 *Environmental, Social and Governance Reporting Guide* of the Main Board Listing Rules of the HKEx. For details about indicators described in the Report, please see the “HKEx Environmental, Social and Governance Reporting Guide Content Index” in the “Relevant Content Index”. As a company listed on the main board of Shanghai Stock Exchange (SSE) (Stock Code: 600036), reference has been made to SSE's proposals on CSR-related information disclosure.

Data and Information Disclosure

The data and information disclosed in the Report is derived from:

- CMB's internal data collection system and related statistical statements
- Excellent sustainability practice cases
- Qualitative and quantitative information collected under the reporting framework

All financial data disclosed in the Report is derived from the *2021 Annual Report of CMB* (the “Annual Report”). Should there be any inconsistencies between the Report and the Annual Report, the Annual Report shall prevail. Unless otherwise indicated, the currency used is RMB.

Report Assurance

To ensure its accuracy and reliability, the Report has been submitted to Ernst & Young Hua Ming LLP (Special General Partnership) for third-party assurance. The assurance was conducted in accordance with the *International Standard on Assurance Engagements 3000 (Revised) (ISAE3000): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In addition, an independence assurance report was provided and can be found in the “Independent Limited Assurance Report”.

How to Get the Report

The Report is released in both print and electronic versions. The digital version of the Report can be downloaded from our website: <http://www.cmbchina.com/>.

Chairman's Message

2021 was a year of great historical significance, witnessing the 100th anniversary of the founding of the Communist Party of China. At the critical juncture where the timeframes of China's two centenary goals converge, China embarked on a new journey of building a socialist modern power in full swing. At this historical juncture, CMB feels duty-bound to make contributions. We have resolutely implemented the new development concept, and actively integrated with new development pattern. Adhering to the development vision of "becoming the best Chinese commercial bank that drives business through innovation, maintains a leading position in financial models and provides characteristic services", we have made substantive progress in improving our governance level and promoting the sustainable development of economy, society and environment, and got the 14th Five-Year Plan period off to a good start.

Enhancing governance level to effectively fulfill social responsibilities. Improving the quality and efficiency of corporate governance is an important prerequisite for promoting the healthy development of banking financial institutions and fulfilling social responsibilities. We have constantly improved the modern enterprise system, adhered to prudent operation, strengthened risk prevention and control, striven to promote high-quality development through high-quality corporate governance, and actively fulfilled social responsibilities. In 2021, we made continuous efforts to establish a more standard, scientific and effective corporate governance framework, and renamed the "Strategy Committee under the Board of Directors" as the "Strategy and Sustainability Committee under the Board of Directors" (which will come into force after the revision of the Articles of Association); strengthened the overall planning of ESG related responsibilities, and improved the ESG top-level governance structure, in order to ensure clear ESG governance structure, smooth information communication and good working mechanism, and strive to be the most socially responsible bank. In September 2021, MSCI upgraded CMB's ESG rating from BBB to A.

Leveraging inclusive finance to promote economic and livelihood development. In the new era, establishing a financial product system that can effectively meet the market demand has become one of the main objectives of the banking industry on the journey of pursuing high-quality development. Upholding the concept of "people-oriented finance", and adhering to our original aspirations, we constantly created innovative financial products and services, and helped micro, small and medium-sized enterprises to cope with the impact of COVID-19 pandemic and maintain steady development, so as to serve the real economy, national economy and livelihood projects. In 2021, we vigorously promoted the development of inclusive finance, gave

full play to powerful fintech strength, and integrated online and offline channels to enhance inclusive financial services and solve the last-mile problem of inclusive finance. In the meanwhile, we attached great importance to consumer rights protection, and comprehensively upgraded the consumer rights protection system; deepened the financial supply-side reform, actively served the regional financial development strategy and supported the Belt and Road Initiative, and injected financial vitality into the sustainable development of “new momentum” companies, so as to promote the transformation and upgrading of traditional enterprises and the smooth circulation of national economy.

Promoting green finance and actively tackling climate changes. Banking financial institutions are playing a key role in helping China achieve carbon emissions peak by 2030 and carbon neutrality by 2060 (the “30·60” decarbonization goal), and promoting the green and low-carbon transformation of economic and social activities. We strictly implemented China’s “30·60” decarbonization strategy, actively tackled climate change by financial means, and cooperated with stakeholders to jointly build a community of life for humans and nature. In 2021, we accelerated the development of green finance, sorted out the green finance service mechanism systematically, formulated green finance strategic objectives and implementation paths, and made more efforts to promote innovative green financial services and products. By further diversifying the carbon financial product system, and fully incorporating ESG concept into the entire process of investment and financing, we provided our unique CMB solutions for the green and sustainable development of economy and society.

Shouldering responsibilities and uniting forces to achieve common prosperity. In the new era, banking financial institutions are obliged to follow the principle of “finance for good” and help people achieve the goal of common prosperity. Adhering to the principle of being people-centered and the CSR concept of “taking root in and giving back to society”, we constantly carried out rural revitalization projects and charitable activities. In 2021, we kept the principle of “Never Decoupling in Poverty Alleviation” in mind, continued to provide financial assistance for Wuding and Yongren Counties in Yunnan Province, and adopted innovative means to help the two counties realize rural revitalization from the aspects of industry, talent, culture and ecology. We promoted the development of “More Pleasure from Monthly Donations (月捐悦多)” and “Points for Micro Charity (小积分·微慈善)” platforms, which enabled more customers to participate in public welfare charities; and we encouraged our employees to participate in volunteer services and actively shoulder responsibilities in times of need amid the pandemic and natural disasters.

In the future, the opportunities and challenges coexist for sustainable development. CMB will continue to joined hands with stakeholders to fully implement the ESG concept while seeking development. Under the new situation and new pattern, we will

timely grasp opportunities and actively respond to challenges, and make more contributions to promoting the high-quality and sustainable economic and social development.

President's Message

In 2021, CMB actively participated in national economic transformation and upgrading, and made efforts to improve people's life. Adhering to the core values of "staying customer-centric and creating value for customers", we further advocated the operation mode for 3.0 version of retail finance in the digital era, created the big wealth management value chain, and got the 14th Five-Year Plan period off to a good start. CMB has made fruitful achievements in serving the real economy, creating high-quality services, developing green finance, promoting employee growth and carrying out public welfare and charity activities.

Adhering to prudent and stable operation, we used well-established corporate governance system to consolidate the foundation of high-quality development. We continuously improved the governance level, and used a well-established governance structure to cement the foundation for sustainable development. In 2021, under the guidance of the Board of Directors, we maintained strong profitability and created high economic benefits for shareholders. Focusing on "stable, rational, proactive and bank-wide" risk management culture, we built a risk management system that integrates "customers, assets, risks, institutions, processes and elements", unified the risk management framework for on/off-balance-sheet businesses, and strengthened the risk management for individual customers, the division of labor and cooperation among the three lines of risk defense. We have comprehensively strengthened the compliance management in the fields of sales appropriateness, personal information protection and anti-money laundering, resolutely cracked down on and punished corruption, and ensured employees' integrity and compliance. In 2021, we carried out 91 anti-corruption training sessions, with a total of 76,743 participants; and organized 1,026 anti-money laundering training sessions, with a total of 263,063 participants.

Focusing on core business drivers, we leveraged our business advantages to improve the quality and efficiency of financial services and serve the real economy. In 2021, we gave play to the integrated service system of investment banking and commercial banking, and vigorously supported the transformation and upgrading of national economy. We increased support for "little giant" enterprises and other "new momentum" enterprises with specialized, refined, featured and innovative development characteristics, continued to reduce the financing cost of small and micro-sized enterprises, and improved the layout of online inclusive finance. In this way, we provided various convenient financial and non-financial services for more small and micro-sized enterprises. By the end of 2021, the balance of our inclusive finance loans to small and micro-sized enterprises amounted to RMB 601.1 billion, with an increase of RMB 92.639 billion from the beginning of 2021, up 18.22%, 7.19

percentage points higher than the overall growth rate of CMB's loans. In 2021, CMB issued special bonds totaling RMB 40 billion for small and micro-sized enterprises. In the meanwhile, we actively supported major national development strategies for Guangdong-Hong Kong-Macao Bay Area, Yangtze River Delta and other regions, increased resource investment to accelerate the development of branches in these regions; and upgraded cross-border financial service system to promote the Belt and Road Initiative and the construction of free trade zones.

Upholding the principle of “we are here just for you”, we offered quality services and diversified products to meet people’s desire for a better life. Adhering to our original aspiration of being customer-centric, we are committed to creating the best customer experience bank. In 2021, we continued to promote the intelligent, barrier-free and elderly-oriented transformation of online and physical outlets. We launched the CMB App (special version for elderly customers) and the CMB App (caring version with large font size). Leveraging our strong fintech capabilities, we provided customers with 24/7 online financial services, created financial services without time and space restrictions, and improved the accessibility of financial services. Focusing on big wealth value cycle chain, we created open platforms and introduced quality financial products to meet customer needs, and established a whole-process risk control mechanism for products, playing an effective role in safeguarding the wealth of customers. We attached great importance to customer privacy protection and data security. CMB App officially obtained the national certification in the field of APP personal information security in China. We carried out various multi-channel and multi-form financial knowledge popularization activities. In 2021, we carried out a total of 22,608 publicity activities on consumer rights protection, which were attended by 641.442 million consumers.

To pursue the zero-carbon goal, we leveraged green finance to promote the comprehensive green transformation of economic and social development. In view of the challenges and opportunities brought by climate change, we actively responded to national call to perform tasks and shoulder responsibilities. In 2021, we systematically sorted out the industry opportunities and risks under the “30·60” decarbonization strategy, comprehensively upgraded the green financial products and service system, and created a green financial service model with distinctive CMB characteristics. By the end of 2021, the balance of our green loans reached RMB 263.842 billion, an increase of RMB 55.254 billion from the beginning of the year, up 26.49%, 19.49 percentage points higher than the overall growth rate of CMB's loans. Under the *CMB Green, Social and Sustainability Bond Framework*, CMB issued the first floating rate SOFR-linked sustainable bonds in the Asia Pacific region and the first “carbon neutrality” themed green bonds in Europe. China Merchants Fund held five ESG related products, with a scale of RMB 1.462 billion, and a growth rate of 129%.

Focusing on talent cultivation, we provided talents with broad development opportunities and an inclusive workplace environment. Adhering to the concept of “let employees become their own master” and “valuing employees over assets”, we continuously deepen the construction of “light culture” featuring “openness, integration, equality and inclusiveness”. We launched the “CMB Ten Instructions for Clean and Simple Management”, provided methodology for managers to implement “Clean and Simple Work Codes”, and helped managers improve “clean leadership”; launched the whole process performance management to help managers at all levels sort out the correct concept of performance management and improve the work experience of employees. By promoting the exchange of talents across institutions, departments and posts, and exploring cross-post mechanism, we broke the functional boundary between different posts, and offered employees more choices in career development. We improved the learning map, built the individualized and targeted all-round employee training system, strengthened the digital operation of training, and improved employees' training experience. In 2021, the total number of employees that participated in training reached 458,000, and the per-capita learning time of employees reached 75.36 hours, while our employee satisfaction and engagement rates hit a new record.

We continued to shoulder responsibility and contribute to improving people's livelihood. Focusing on the goal of “becoming the most socially responsible bank”, CMB is always people-centric and earnestly fulfills social responsibilities. In 2021, we further strengthened the effective linkage between poverty alleviation achievements and rural revitalization, provided RMB 48.5863 million of financial assistance for Wuding and Yongren Counties in Yunnan Province, and greatly accelerated the economic and social development of the two counties. We continued to promote charitable activities. In 2021, donations made via “More Pleasure from Monthly Donations” reached RMB 3.4318 million, while 540 million points were donated via “Points for Micro Charity”. We united forces and encouraged employees to actively participate in public welfare activities and create a good volunteer service atmosphere of “public welfare for all”.

This year marks the 35th anniversary of the founding of CMB. Creating a new history is the best way to commemorate history. We will seize the development opportunities brought by this new era, make more efforts and resource investment, and incorporate the ESG concept into our daily operation and management; promote harmonious development of society and nature, and take sustainable development and ESG concepts as the driving force for the sustainable development of CMB.

Our Achievements in 2021

Governance

Indicator	2019	2020	2021
Total number of directors	17	17	16
Number of non-executive directors with rich experience in the banking industry	14	14	14
Number of anti-money laundering training sessions	890	949	1,026
Number of participants in anti-money laundering training sessions	75,000	195,359	263,063

Economy

Indicator	2019	2020	2021
Operating income (RMB million)	269,703	290,482	331,253
Net profit (RMB million)	93,423	97,959	120,834
Total taxes (RMB 100 million)	508.65	503.06	568.68
Non-performing loan ratio (%)	1.16	1.07	0.91
Capital adequacy ratio (%)	15.54	16.54	17.48
Number of users who downloaded CMB App (ten thousand)	11,353	14,475.30	17,009.13
Total transaction value of mobile banking (RMB 100 million)	331,988	409,143	596,180
Ratio of intelligent self-services (%)	76.11	77.23	78.29

Society

Indicator	2019	2020	2021
Balance of loans made to strategic emerging industries (RMB 100 million)	1,457.47	1,714.15	2,191.54
Balance of agriculture-related loans (RMB 100 million)	1,823.00	2,012.42	2,293.60
Balance of indemnificatory housing project loans (RMB 100 million)	615.82	559.69	689.40

Indicator	2019	2020	2021
Total number of employees	84,683	90,867	103,669
Number of ethnic minority employees	3,292	3,586	4,210
Percentage of women among middle and senior managers (%)	21	21	23

Environment

Indicator	2020	2021
Balance of green loans (RMB 100 million)	2,085.88	2,638.42
Annual CO ₂ equivalents reduced by green loan projects (ten thousand tons)	1,237.86	1,525.24
Annual SO ₂ emissions reduced by green loan projects (ten thousand tons)	14.28	16.55

Indicator	2019	2020	2021
Balance of loans made to sectors with overcapacity and high energy consumption and pollution expressed as a percentage of domestic corporate loans (%)	7.03	6.37	5.85
Paper saved by using e-bills (100 million sheets)	17.91	19.04	19.43

About CMB

Company Profile

Founded in 1987 with its Head Office in Shenzhen, China Merchants Bank (CMB) is a national commercial bank with distinctive characteristics and huge brand influence in China. Rooted in the Chinese market, CMB has been building up its business network in both domestic cities and international financial centers, such as Hong Kong, New York, London, Singapore, Luxemburg and Sydney. CMB was listed on the Shanghai Stock Exchange in April 2002, and the Hong Kong Stock Exchange in September 2006.

Strategic vision: Adhering to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”, we will strive to be the top Chinese commercial bank for driving business through innovation, maintaining a leading position in models, and providing robust characteristic services.

Strategic goal: Adhering to the strategic goal of becoming a “Light-operation Bank”, we will continue to explore stable development path featuring "light assets, light operation, light management and light culture".

Strategic positioning: Adhering to the strategic positioning of “One body with Two Wings”, we will spare no efforts to build a “leading retail bank, professional corporate bank and open interbank bank”, vigorously promote the comprehensive integration of “One body with Two Wings”, further improve the integrated operation mechanism, and form the flywheel effect of coordination among all parties.

Strategic objectives: Leveraging the transformation of 3.0 development mode, we will strive to be the strongest fintech bank with the best risk management performance, deliver the best wealth management services and customer experience, and become the most socially responsible bank.

Core values: Staying customer-centric and creating value for customers.

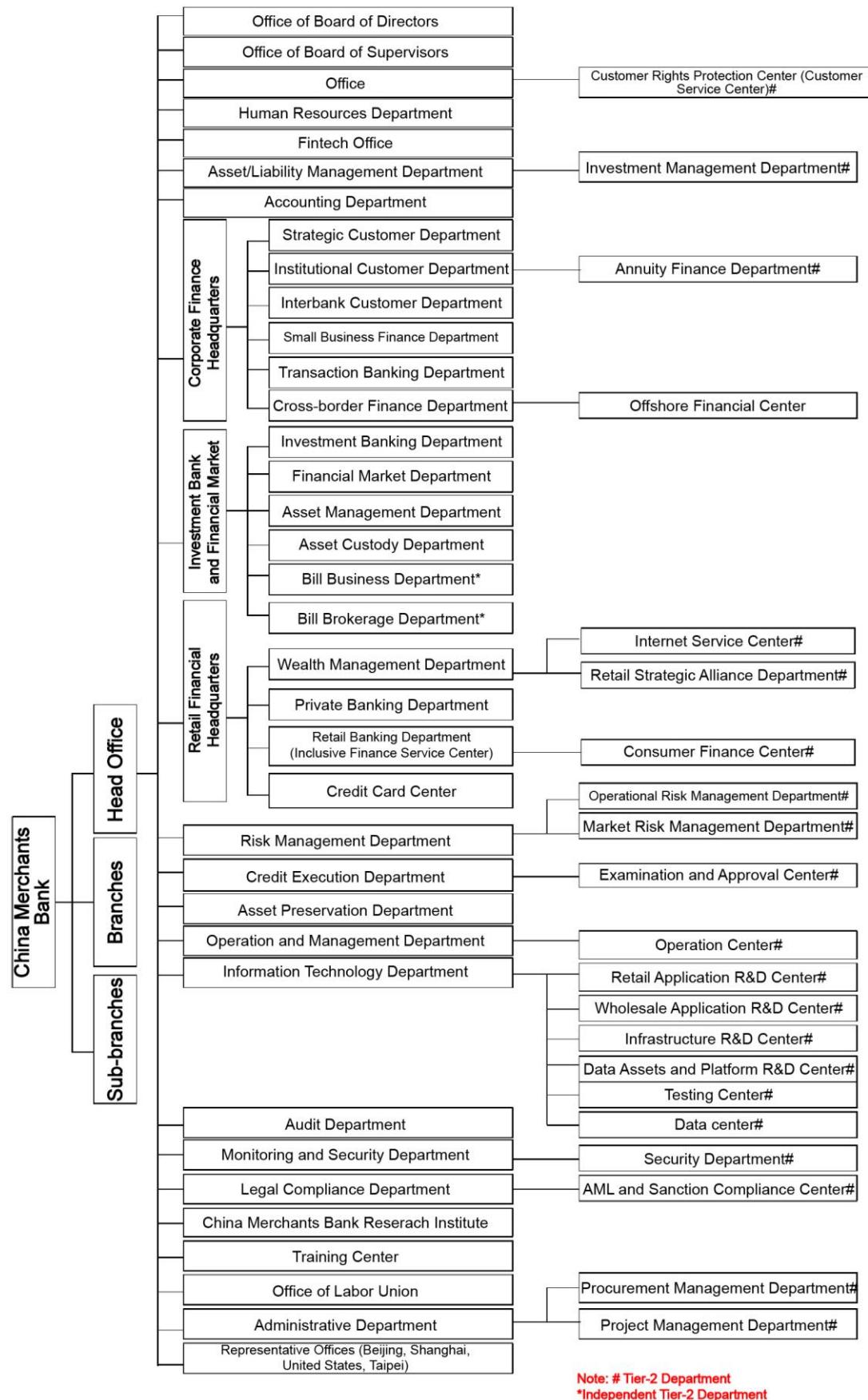
CMB provides customers with various wholesale and retail banking products and services, and carries out capital business on its own and on behalf of other enterprises. A wide range of CMB innovative products and services have been widely accepted by Chinese consumers, such as “All-in-One Card”, which is a multi-functional debit card, the “All-in-One Net” comprehensive online banking service, credit card, “Golden Sunflower Wealth Management” and private banking services, CMB App and CMB Life App services, CMB Corporate App services, global cash management, trade

finance and other transaction banking and offshore business services, as well as asset management, asset custody and investment banking services. We are committed to providing customers with customized, intelligent and comprehensive solutions by continuously penetrating into customers' social circles and business circles.

Adhering to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”, CMB actively explores the operation mode for 3.0 version of retail finance in the digital era. During the 14th Five Year Plan period, a well-off society will be built in full swing; the proportion of household financial assets allocation will continue to rise, and the pace of industry structural reform will be accelerated. Following this trend, we will spare no effort to build a big wealth management value chain, leverage the assets and funds of the entire society to promote the transformation and upgrading of national economy and improve people's life; and strive to build the version of retail finance that takes “big wealth management business model + digital operation model + open and integrated organization model” as the core. In the meanwhile, we will fully incorporate the sustainability concept into business operations, and actively cooperate with stakeholders to create shared value, so as to make great contributions to the sustainable development of economy, society and environment.

- Selected as the “Best Bank in China” by *Euromoney* for three consecutive years, becoming the first bank to ever win the award three years in a row
- Ranked 14 in the “Top 1000 World Banks 2021” list published by the British magazine *The Banker*; up three places compared to 2020.
- Ranked 162 on the Fortune Global 500 list

Organizational Structure



Accolades

Category	Granted by	Awards
<i>Comprehensive Awards</i>	<i>Fortune</i>	<ul style="list-style-type: none"> Named on the Fortune Global 500 list for ten consecutive years, ranking 162 with operating revenue of US\$60.433 billion Named on Fortune China 500 list, ranking 37 with operating revenue of RMB 290.482 billion
	<i>The Banker</i>	<ul style="list-style-type: none"> Ranked 14 on the “Top 1000 World Banks 2021” list, with US\$106.307 billion in tier-1 capital, and ranked among the Top 20 for 4 consecutive years Ranked 10 on the “Top 500 Banking Brands 2021” list, with a brand value of US\$21.044 billion
	<i>Euromoney</i>	<ul style="list-style-type: none"> Won the “Best Bank in China” for three consecutive years, became the first bank to win this award three years in a row, as well as the only Chinese commercial bank to win the award in the Asia Pacific region in 2021
	<i>Asiamoney</i>	<ul style="list-style-type: none"> “Best Listed Company in China’s Banking Industry” “Best National Joint-Stock Private Bank” “Best Product Development Award”
	<i>Retail Banker International</i>	<ul style="list-style-type: none"> “Best Retail Bank in China”
	Zhitongcaijing.com, 10jqka.com.cn	<ul style="list-style-type: none"> “Best ESG”
	<i>Caijing</i>	<ul style="list-style-type: none"> “Sustainable Development Contribution Award” in 2021, which is the highest honor of the Caijing Evergreen Award
<i>Governance Awards</i>	<i>Institutional Investors</i>	<ul style="list-style-type: none"> “Most Respected Enterprise in Asia” “Best CEO” for banks in Asia “Best Investor Relations Management Enterprise” “Best ESG Companies” “Best Investor Relations Management Team” “Best Investor Relations Management Expert”

Category	Granted by	Awards
<i>Social Awards</i>	<i>Securities Times</i>	<ul style="list-style-type: none"> “Best Investor Relations Award for Chinese Listed Companies” “Best Board of Directors for Investor Relations of Listed Companies on China’s Main Board”
	China’s Ministry of Civil Affairs	<ul style="list-style-type: none"> Selected into the “Commendation List of Institutions with Outstanding Contributions to Charity in the Fight Against COVID-19 Pandemic” in the corporate donor category during the selection of 11th China Charity Awards
	<i>China’s Insurance Quote</i>	<ul style="list-style-type: none"> “Top 10 Socially Responsible Institutions in 2020” “Most Influential New Media of the Year in China” Our “Targeted Poverty Alleviation Project” was selected into the list of “Top 10 Socially Responsible Projects in 2020”
	<i>Southern Weekly</i>	<ul style="list-style-type: none"> “Outstanding Corporate Social Responsibility Enterprise in 2020”
	<i>The Chinese Banker</i>	<ul style="list-style-type: none"> “Best Financial Innovation” The “Innovation Case of Supply Chain Cross-branch Collaboration in Becoming One Integrated Bank in China” won the “Top Ten Inclusive Financial Service Innovations Award” The “Credit Card Anti-Telecom Fraud Chain Prevention and Control Innovation Case” won the “Top 10 Intelligent Risk Control Management Innovations Award” The “CMB Smart Call (小招智呼) - Smart Service Innovation Case Integrating Technology and Humanity” won the “Top 10 Fintech Innovations Award”
	Chnbrand	<ul style="list-style-type: none"> CMB credit card ranked first in the NPS (net promoter score), brand power index (BPI) and customer satisfaction index respectively

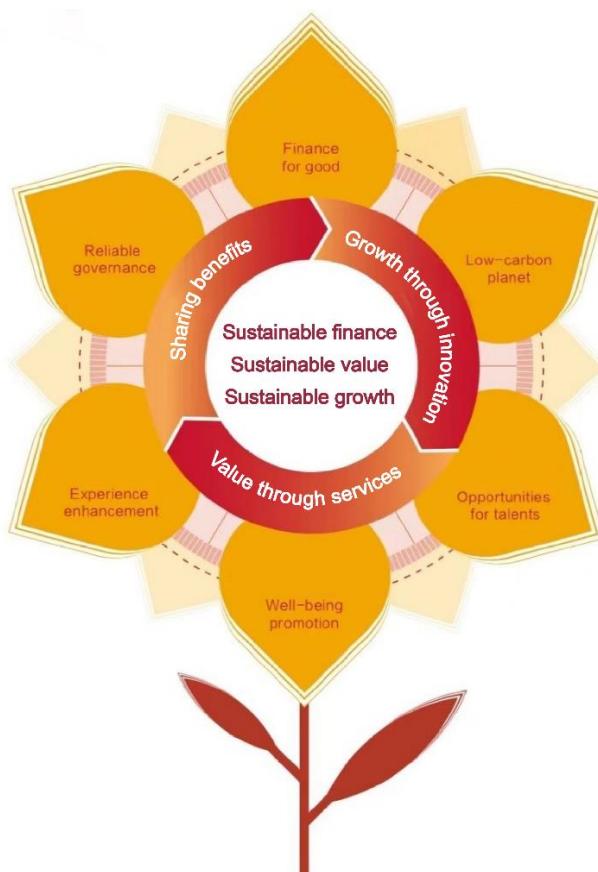
Category	Granted by	Awards
	Zhaopin, The Institute of Social Science Survey of Peking University	<ul style="list-style-type: none"> “Top 3 Employers” “Most Socially Responsible Employer” “Employer Most Favored by Female Employees”
<i>Environmental Awards</i>	<i>Global Finance</i>	<ul style="list-style-type: none"> “Outstanding Leadership in Sustainable Bonds in the Asia Pacific Region”
	<i>The Asset</i>	<ul style="list-style-type: none"> “China Offshore Best Sustainability/Green Bond” by The Asset Triple A Country Awards 2021
	Hong Kong Quality Assurance Agency	<ul style="list-style-type: none"> “Outstanding Green and Sustainable Bond Issuer (Banking Industry) - Excellent Vision Sustainable Development Bond Framework” Award in 2021

Sustainability Strategy and Management

As a financial service provider, CMB is dedicated to creating long-term value for stakeholders. To promote development during the 14th Five-Year Plan period, we have resolutely adhered to our social responsibility concept of “taking root in society and giving back to society”, optimized and upgraded our SUNFLOWER responsibility concept model. Moreover, we have further deepened our sustainability practices and cooperated with stakeholders to achieve higher quality, more efficiency, more equity, more sustainability and safer development.

Sustainability Strategy

The sunflower represents optimism, loyalty and positive spirit, which is the eternal core of CMB’s company culture. In the new era, CMB has embraced “building the most socially responsible bank” as one of our strategic goals, and deeply explored the connotations and extension of our SUNFLOWER sustainability model. While carrying forward our social responsibility concept and methods for performing social responsibilities, we further defined our responsibilities and practices to form a key practice field of sustainability with “SUNFLOWER” as the core, which will take sustainable development to a new level.



CMB SUNFLOWER Sustainability Model

CMB SUNFLOWER Sustainability Model			
Finance for good	We fully integrate the concept of ESG (environment, society and governance) into CMB's product and service system; make finance an important positive force to promote social progress and social equity, and continuously meet people's desire for a better life through financial means.		
Low-carbon planet	We actively aim to tackle climate change, lead green financial innovation, improve green investment and financing policies; provide more vigorous financial instruments to support the financing of green industries, carry out green operations and green public welfare activities, and comprehensively promote the transition to a green economy and society.		
Opportunities for talents	We continually attract top-notch talents, improve career development channels for talents, attach great importance to improving talents' ability, and enrich the talent training system to create an inclusive, friendly and open workplace environment while promoting the mutual growth of employees and enterprises.		
Well-being promotion	We thoroughly implement the national rural revitalization strategy, further strengthen the effective linkage between poverty alleviation achievements and rural revitalization, and actively carry out social welfare activities. CMB strives for corporate excellence and makes great contributions to achieving common prosperity.		

Experience enhancement	<p>Leveraging our strong fintech, we continuously improve our customer service ability, efficiency and accessibility. At the same time, we will fully protect the rights and interests of consumers, promote the popularization of financial knowledge and services, and create the best customer experience bank in an all-around way.</p>	
Reliable governance	<p>We constantly improve the corporate governance structure to make corporate governance more scientific, robust and effective; adhere to prudent operation, strengthen risk prevention and control, and provide a strong mechanism to safeguard the high-quality and sustainable development of CMB.</p>	

Sustainability Management

We integrate the SUNFLOWER sustainability concept into our development strategy and operational activities. The sustainability management system has been implemented in each department and every branch to put our sustainability concept into practice and fulfill promises to stakeholders.

CMB Sustainability Management Structure

- Decision-making level:** Members of the Board of Directors and Board of Supervisors participate in deliberation and decision-making on major sustainability issues, including formulation of related strategies and policies, regular progress assessments for CMB's sustainability matters, and special deliberations for the annual sustainability report, annual report on development of inclusive finance and work plan, and the annual work report on consumers' rights protection and related proposals. In 2021, CMB's Board of Directors and its special committees gave full play to their professional advantages and earnestly performed their duties. They made forward-looking research and scientific decision-making in terms of strategic guidance, risk management, inclusive finance development, green finance, incentive and restraint mechanisms, consumer protection and corporate governance construction and other aspects. The Board of Supervisors focused on the performance of the Board of Directors and senior management in inclusive finance, green finance, consumer rights protection, social responsibility, environmental protection, and other aspects, and put forward some targeted opinions and suggestions.

- **Organization level:** The Head Office established the ESG management team to coordinate the following daily management work: identifying sustainability issues related to CMB, planning sustainability and ESG activities, formulating sustainability reports, organizing sustainability knowledge publicity activities, etc. In 2021, we established the Head Office Cross-departmental Collaborative Working Group on Green Finance, which is responsible for implementing the following tasks: improving the corporate governance structure for green finance and optimizing relevant policies and systems; making continuous efforts to create innovative green financial products, strengthening the performance appraisal system, and increasing fintech support; establishing and improving the environmental information disclosure system; improving the cultivation of green financial talents and team building; strengthening publicity and guidance, practicing green operation internally and spreading green ideas externally; actively expanding foreign exchanges and cooperation, and enhancing the influence of green finance.
- **Implementation level:** All branches, the departments of Head Office and various functional departments and operating departments of subsidiaries shall promote the social responsibility management work on a daily basis, be responsible for the centralized management of sustainability issues according to the specific division of labor; carry out social responsibility practices and activities and communicate closely with key stakeholders; and submit related management measures, performance indicators and excellent cases on a regular basis. In 2021, CMB continued carrying out sustainability training at the implementation level, publicized the sustainability and ESG development trends and concepts to the Head Office, all branches and subsidiaries, and deepened all functional and operating departments' understanding of sustainability work. In addition, interviews and investigations were conducted in key functional and operating departments in the Head Office, with the goal of understanding annual priorities, and communicating sustainability risks and opportunity management situations in addition to the concerns of relevant parties. This has helped these departments better integrate sustainability concept into their future work.

Materiality Analysis

We continued to identify, assess and screen sustainability issues based on the materiality analysis model and the work of previous year, and confirmed material issues of great importance for us and our stakeholders. There are important disclosures and replies addressing these issues in the Report.

Identification

Analyzing and acquiring in-depth understanding of macro-economic policies and industry hotspots; understanding the ESG areas that have captured the attention of

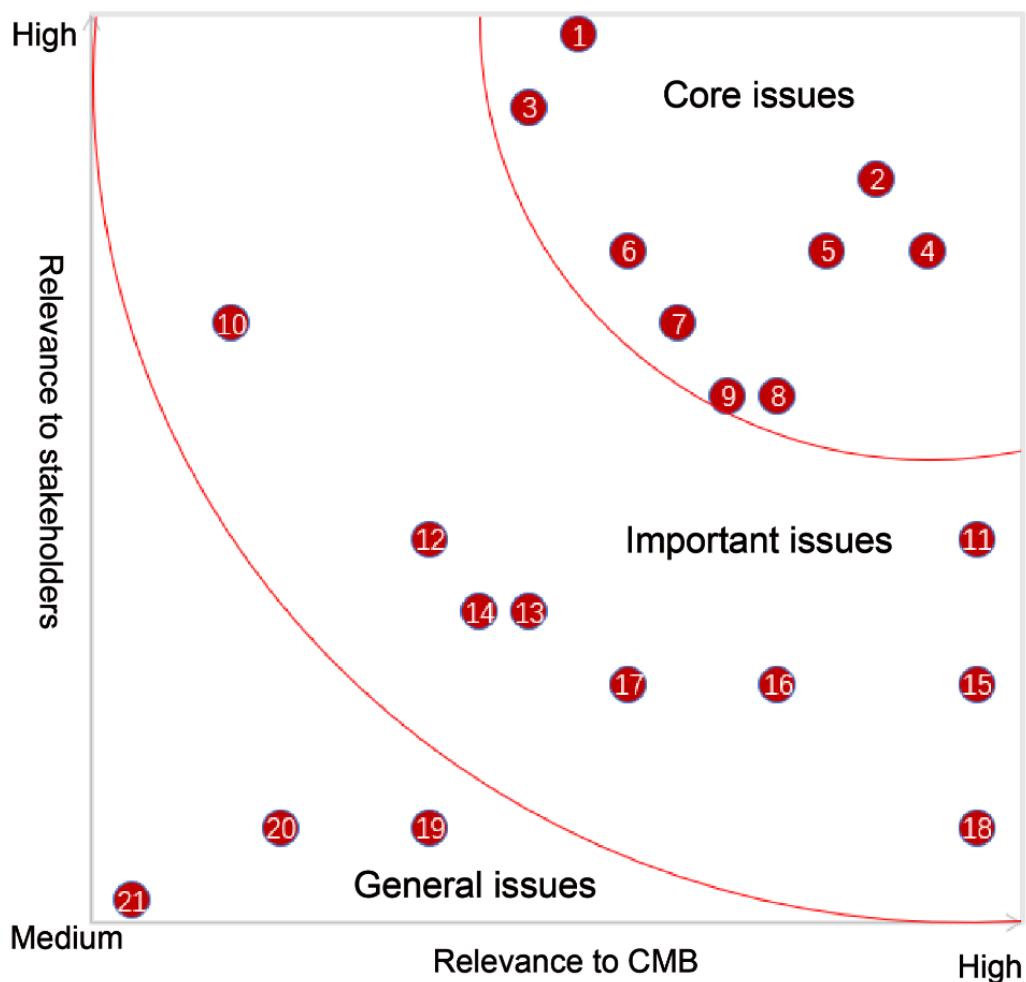
institutional investors and capital market; identifying policy directions and opportunities for fulfilling responsibilities in the banking industry; comprehensively analyzing relevant research outcomes and related SUNFLOWER sustainability model based on CMB's development strategy and inherent characteristics, and identifying 21 materiality issues. Compared with 2020, seven issues were optimized or updated this year. In addition, we deleted one issue, and added one issue.

Assessment

We invited external sustainability experts and consultants, employee representatives and other stakeholders to assess the importance of the above issues. Based on the assessment results, a two-dimensional system was created showing the relative importance of the issues.

Screening and Reporting

After constructing a materiality analysis matrix (as shown below), the Report focused on the core issues displayed in the matrix.



	No.	Sustainability Issues	Page No.
Core issues	1	Promoting green finance and sustainable finance	55-82, 85-116
	2	Customer rights protection	135-148
	3	Developing inclusive finance	69-82
	4	Improving customer experience	119-124
	5	Network, security and privacy protection	129-135
	6	Serving the real economy	55-66
	7	Supporting national strategy	55-56, 85-116, 171-187
	8	Promoting financial education	143-148
	9	Comprehensive risk management	38-40
Important issues	10	Tackling climate change	85-99
	11	Business ethics and compliance management	40-51
	12	Practicing green operation	112-116
	13	Human capital development	151-168
	14	Digital transformation	70-71, 76-80, 120-123
	15	Stakeholder participation	25-27
	16	Protecting employees' rights and interests	167
	17	Improving corporate governance	30-38
	18	Caring for employees in daily life	161-168
General issues	19	Participating in charity work	180-187
	20	Contributing to rural revitalization	171-180
	21	Reliable supply chain management	51-52

Stakeholder Engagement

We sought more ways to communicate with stakeholders in our daily operations, and carefully listened to customer voices and feedback. We built a standardized communication system and used digital technologies to enhance our communication with stakeholders.

Stakeholders	Expectations and Demand	Communication Channels
Government and regulators	<ul style="list-style-type: none"> • Improving corporate governance • Comprehensive risk management • Business ethics and compliance management • Promoting green and sustainable finance • Serving the real economy • Supporting national strategy • Developing inclusive finance • Stakeholder participation 	<ul style="list-style-type: none"> • Studying and complying with related financial policies • Facilitating the formation of industry policy • Related research and discussions • Submitting statistical statements • Taking part in research and studies • Daily approval and regulation

Stakeholders	Expectations and Demand	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> • Improving corporate governance • Comprehensive risk management • Business ethics and compliance management • Promoting green and sustainable finance • Tackling climate change • Stakeholder participation 	<ul style="list-style-type: none"> • Periodic reports and announcements • Roadshows and reverse roadshows • Investor visits and meetings • General meeting of shareholders
Customers	<ul style="list-style-type: none"> • Customer rights protection • Network, security and privacy protection • Improving customer experience • Developing inclusive finance • Serving the real economy • Stakeholder participation 	<ul style="list-style-type: none"> • Customer research • Customer satisfaction survey • 95555 customer service platform • Customer care activities • WeChat, Weibo and other digital platforms
Employees	<ul style="list-style-type: none"> • Human capital development • Caring for employees in daily life • Protecting employees' rights and interests • Stakeholder participation 	<ul style="list-style-type: none"> • Employee representative conference • Employee satisfaction survey • Employee recreation and sports activities • Complaint and reporting mechanism
Suppliers and partners	<ul style="list-style-type: none"> • Reliable supply chain management • Stakeholder participation 	<ul style="list-style-type: none"> • Day-to-day communication • Interbank communication and cooperation • Bidding and tender • Supplier research; visits to suppliers
Environment	<ul style="list-style-type: none"> • Promoting green and sustainable finance • Tackling climate change • Practicing green operation • Stakeholder participation 	<ul style="list-style-type: none"> • Complying with energy saving and emission reduction policies • Forums and meetings on green finance • Collection and disclosure of environmental protection-related data • Non-profit environmental protection activities

Stakeholders	Expectations and Demand	Communication Channels
Communities	<ul style="list-style-type: none">• Participating in charity work• Contributing to rural revitalization• Stakeholder participation	<ul style="list-style-type: none">• Rural revitalization and community construction• Cardholder donation platform• Employee volunteering• Social services

I. Promoting Robust Governance

Introduction

Formulating effective corporate governance standards is essential to building a modern financial enterprise system, preventing and controlling financial risks, and maintaining financial stability. The corporate governance of banking financial institutions can directly affect the operational safety of the entire economic and financial system. Adhering to the core of steady corporate governance, CMB made continuous efforts to establish a more scientific, robust and effective corporate governance framework, insisted on prudent operation, and strengthened risk prevention and control. At the same time, CMB advocated the “president as person-in-charge” system under the leadership of the Board of Directors, as well as market-oriented employment mechanism and remuneration mechanism, and promoted the sustainable and high-quality development of CMB with reasonable shareholding structure and standardized shareholder behavior.

SDGs	Our Actions
 	<p>Our Actions</p> <ul style="list-style-type: none"> The “Strategy Committee under the Board of Directors” was renamed as the “Strategy and Sustainability Committee under the Board of Directors” to comprehensively perform relevant ESG responsibilities (the issue mentioned above was deliberated and approved at the meeting of strategy committee under the board of directors in December 2021 and the board meeting in January 2022, and will come into force after the Articles of Association is revised). We rationally selected and appointed directors to ensure the independence, diversity and professionalism of the Board of Directors. CMB earnestly fulfilled its responsibility to protect shareholders' rights and interests, standardized shareholders' equity policies and voting rights, actively encouraged shareholders to participate in corporate governance, and helped all shareholders obtain valuable corporate information through timely, transparent and effective information disclosure. We maintained sound risk preferences and risk appetite, and strengthened the division of labor and cooperation among the three lines of risk defense. We strengthened the compliance management in the fields of sales appropriateness, personal information protection and anti-money laundering, resolutely cracked down on and punished corruption, and ensured employees' integrity and compliance.

Our Achievements

- The directors and supervisors participated in **6** training sessions in total.
- CMB held its first-ever livestreamed 2020 General Meeting of Shareholders, annual results announcement, quarterly exchange meeting and other meetings online, becoming the **first** listed bank to hold a livestreamed general meeting of shareholders.
- Since the year that Shanghai Stock Exchange carried out the first annual assessment of listed companies' information disclosure, CMB had obtained the top score of Grade A for **8** consecutive years
- We carried out **91** anti-corruption training sessions, with a total of **76,743** participants.
- We carried out **1,026** anti-money laundering training sessions, with a total of **263,063** participants.

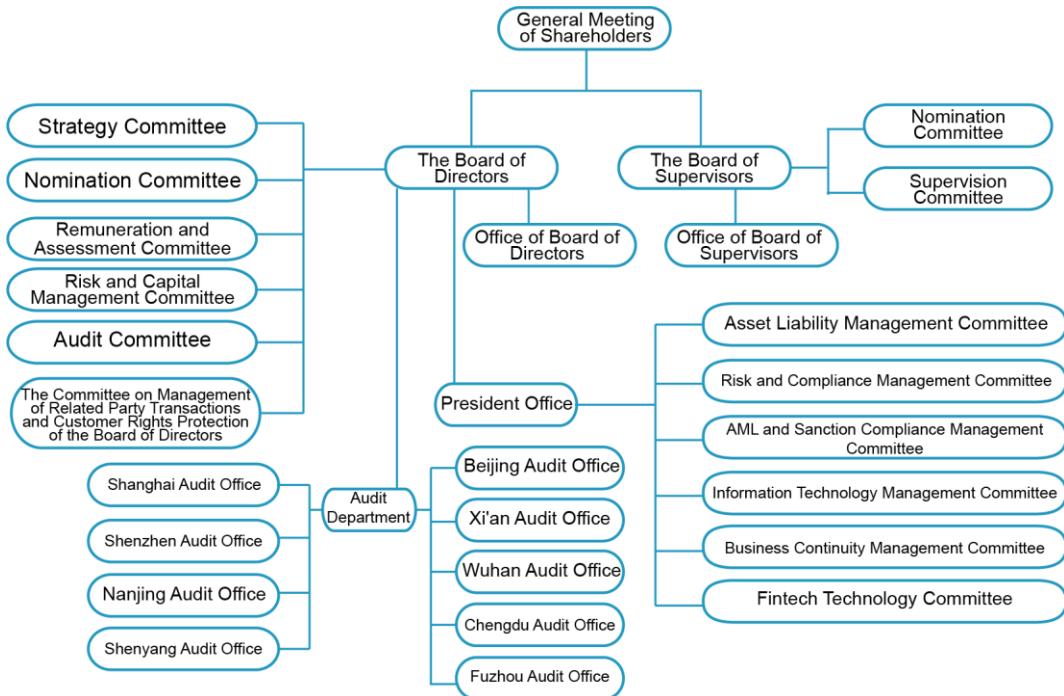
1.1 Enhancing Governance Level

CMB constantly improves the corporate governance structure to make corporate governance more standardized and effective. Giving full play to the functions of the Board of Directors and the Board of Supervisors, we improve information disclosure level and transparency, and take perfect corporate governance as the guarantee and basic driving force for the sustainable development of CMB.

1.1.1 Improving the Governance Structure

CMB has constantly improved the modern enterprise system. The general meeting of shareholders is the highest decision-making body, which exercises its functions and powers according to law. The Board of Directors, the Board of Supervisors and the senior management fulfill their responsibilities with due diligence, and lead CMB to move toward the development vision of “becoming the best Chinese commercial bank that drives business through innovation, maintains a leading position in financial models and provides characteristic services”. In 2021, we specified relevant responsibilities of the Board of Directors in the top-level design, in order to further improve the quality and efficiency of ESG work: In August 2021, we added green finance related responsibilities for the Strategy Committee under the Board of Directors. In December 2021, the meeting of strategy committee under the board of directors was held, and the “Strategy Committee under the Board of Directors” was renamed as the “Strategy and Sustainability Committee under the Board of Directors” to coordinate the implementation of responsibilities in various ESG aspects such as inclusive finance, green finance, human capital, public welfare and charity, and social responsibility (the issues mentioned above were deliberated and approved at the board meeting in January 2022, and will come into force after the Articles of Association is revised), in order to further safeguard clear ESG governance structure, smooth information communication and perfect working mechanism.

Corporate Governance Structure of CMB



By the end of 2021, CMB had 16 directors, including 2 executive directors, 6 independent non-executive directors and 8 non-executive directors. All directors actively participated in meetings and performed their duties diligently during the year. The attendance rate of the Board of Directors and its special committees reached 99.73%.

General Meeting of Shareholders	One meeting was convened, 14 proposals were deliberated, and 5 issues were reported and considered.
The Board of Directors	14 meetings were convened; 83 proposals were deliberated, and 19 issues were reported and considered.
Special Committees of the Board of Directors	30 meetings were convened; 104 proposals were deliberated, and 35 issues were reported and considered.
The Board of Supervisors	14 meetings were convened; 36 proposals were deliberated, and 26 issues were reported and considered. The Board of Supervisors attended 1 general meeting, 6 board meetings, 12 meetings of the special committees of the Board of Directors, and 14 meetings of senior executives.
Special Committees of the Board of Supervisors	8 meetings were convened, 10 proposals were deliberated.

1.1.2 Reasonable Selection and Appointment of Directors

CMB nominated and elected directors in accordance with the *Articles of Association of China Merchants Bank* (hereinafter referred to as the Articles of Association). The equitable structure of directors allowed the Board of Directors to have a broad vision and high-level professional experience, and maintained independent elements in the Board of Directors. This enabled the Board of Directors to effectively make independent judgments and scientific decisions when investigating and deliberating major issues.

Independent Directors

By the end of 2021, there were 6 independent non-executive directors on our Board of Directors, and the qualification, number and percentage of independent non-executive directors were in line with the provisions of China Banking and Insurance Regulatory Commission (CBIRC), China Securities Regulatory Commission (CSRC) and Shanghai Stock Exchange (SSE) and relevant regulations. Among the special committees, the Nomination Committee, Remuneration and Assessment Committee, Audit Committee, and the Committee on Management of Related Party Transactions and Customer Rights Protection under the Board of Directors are all chaired by independent directors, and independent directors constitute a majority. In addition, in order to effectively strengthen the independence of the Board of Directors and further safeguard the legitimate rights and interests of minority shareholders, CMB adjusted the composition of the Risk and Capital Management Committee of the Board of Directors and added 2 independent non-executive directors in 2021. In other words, the number of independent non-executive directors in the Risk and Capital Management Committee of the Board of Directors increased from 1 to 3, and the percentage of independent non-executive directors increased from 1/ 6 to 1/ 3.

None of our independent non-executive directors has served as an independent non-executive director in more than 5 listed companies simultaneously, and there are 12 non-executive directors/ independent non-executive directors who serve for up to 4 listed companies at the same time. For detailed requirements and provisions on the appointment of independent non-executive directors, please refer to the Articles of Association publicly disclosed on CMB's official website.

Diversity of Board Members

We always strive to maintain the diversity of board members, and review the candidates' educational background, work experience, part-time work and other information when nominating directors. Meanwhile, the Nomination Committee of the Board of Directors periodically reviews the structure, number and composition of the Board of Directors from multiple aspects (such as skills, knowledge, experience

and gender) every year to ensure that the Board of Directors has a reasonable structure and diverse members.

By the end of 2021, our Board of Directors had 1 female director; and 6 special committees of the Board of Directors were chaired by different directors.

Specialization of Board Members

We attach great importance to the professionalism of board members. By the end of 2021, our Board of Directors had 8 non-executive directors, 2 executive directors, and 6 independent non-executive directors. The 8 non-executive directors have assumed key roles (such as chairman, general manager, deputy general manager or financial director) in large state-owned enterprises, and they are familiar with national economic and financial policies and are good at business management, financial and accounting work, etc. The 2 executive directors have been engaged in commercial bank management work for many years and possess rich financial management experience. The 6 independent non-executive directors are university professors, experts in accounting and finance, and financial professionals with international vision, and they have a deep understanding of banking industry development both at home and abroad. One of the 6 independent non-executive directors came from Hong Kong and is familiar with international accounting standards and Hong Kong capital market rules.

1.1.3 Enhancing Ability and Efficiency for Performing Duties

Performance of Duties

In 2021, the Board of Directors and its special committees deliberated on and discussed a series of important ESG issues, and earnestly fulfilled CMB's relevant responsibilities in various ESG aspects such as green finance, inclusive finance, human capital, consumer rights protection, public welfare and charity, and social responsibility.

The Board of Directors: deliberated on and passed the *CMB Strategic Plan for the 14th Five-Year Plan Period (2021-2025)*, *2020 Sustainability Report of CMB*, the *Proposal on Formulating the CMB Guidelines on the Values and Code of Conduct for Directors*, *Full Text and Summary of 2020 Annual Report*, *Full Text and Summary of the 2021 Interim Report* (the above-mentioned annual report and interim report all contain CMB's ESG related content, such as financial product safety, inclusive finance, green finance, and poverty alleviation) and other proposals, as well as some proposals considered by the following special committees of the Board of Directors. The Board of Directors vigorously improved the company's ESG management level and performance at a higher level of corporate governance by fulfilling its duties in

ESG development planning, inclusive finance and green finance development, human capital optimization, customer information security and rights protection, and social responsibility.

Strategy Committee: deliberated on and passed the *Report on Development of Inclusive Finance in 2020 and Work Plan for 2021, A Proposal to Set More Green Finance-Related Responsibilities for Strategy Committee of the Board of Directors, Report on Human Resource Management and the Implementation of Talent Strategy in 2020*, etc.; and enabled CMB to pay more attention to inclusive finance, green finance, human capital development and other ESG issues.

The Committee on Management of Related Party Transactions and Customer Rights Protection under the Board of Directors: deliberated on and passed the *2020 Work Report on the Protection of Consumers' Rights and Interests*, the *2020 CMB Customer Complaint Analysis Report* and other consumer protection related proposals, raised employees' awareness of the importance of financial consumer rights protection, and further strengthened consumer rights protection and management work in CMB's business activities and business processes.

The Risk and Capital Management Committee: deliberated on and passed the *2020 Comprehensive Risk Report, 2020 Risk Preferences Implementation Report, 2020 Employee Behavior Evaluation Report, 2020 Network Information Security Report of New York Branch, 2020 Anti-money Laundering and Sanction Compliance Work Report, Report on Risk Management Under the Trend of Green Finance, Proposal on Optimizing the Risk Appetites of CMB* and other proposals. It improved CMB's comprehensive risk management and employee behavior management, enhanced information security awareness, deepened employees' understanding of green finance in an all-round way, established and improved the risk management system to align with green finance.

In 2021, the Board of Supervisors deliberated on and passed the *2020 Sustainability Report of CMB*, reviewed the *Report on Development of Inclusive Finance in 2020 and Work Plan for 2021*, the *Report on the Development of Internet Loans in 2020 and Work Plan for 2021*, and *2020 Work Report on the Protection of Consumers' Rights and Interests*. It focused on the performance of the Board of Directors and senior management in inclusive finance, green finance, consumer rights protection, social responsibility and environmental protection, and put forward some targeted opinions and suggestions.

Professional Training

We are committed to effectively improving directors and supervisors' ability to perform duties through comprehensive professional training and an improved performance evaluation system.

In 2021, we provided 6 training sessions for directors and supervisors, covering various topics, such as anti-money laundering and sanction compliance, the regulatory situation of listed companies, interpretation of regulatory laws and latest policy requirements, corporate governance and the responsibilities and obligations of directors and supervisors, carbon peak, carbon neutrality and their impact on relevant industries. The per-capita learning time for board members was 8 hours, and the feedback on the effects of training was "Satisfactory". According to the regulatory requirements, the members of the Board of Supervisors participated in the anti-money laundering and sanction compliance training and the "online training for directors and supervisors of listed companies", which further improved their ability to perform duties.

Performance Evaluation

In 2021, we revised the *CMB Guidelines on the Values and Code of Conduct for Directors, Supervisors and Senior Executives* and the *CMB Measures for Evaluating the Performance of Directors and Supervisors* in accordance with the requirements of the *Corporate Governance Code for Banking and Insurance Institutions* and the *Measures for Evaluating the Performance of Directors and Supervisors at Banking and Insurance Institutions (Trial)* issued and implemented by the CBIRC. In this way, we established higher standards and a more complete system to standardize and evaluate the performance of directors, supervisors and senior managers.

System Name	Main Content
<i>CMB Guidelines on the Values and Code of Conduct for Directors, Supervisors and Senior Executives</i>	It specifies that the directors, supervisors and senior executives of CMB shall abide by environmental, social and governance (ESG) standards, resolutely follow the best corporate governance principles, and promote steady, sustainable and high-quality development.
<i>CMB Measures for Evaluating the Performance of Directors and Supervisors</i>	CMB will comprehensively evaluate the performance of directors and supervisors from the five aspects of loyalty, diligence, professionalism, independence and morality. In addition, CMB will formulate differentiated evaluation contents according to the characteristics of different types of directors and supervisors and their positions in the special committees of the Board of Directors or the special committees of the Board of Supervisors.

In terms of evaluation, the Board of Supervisors periodically evaluates the performance of all directors each year. The evaluation procedures include: (1) conducting interviews on directors' performance, collecting statistics on the annual performance of directors; (2) Directors fill out the annual performance self-evaluation questionnaire; (3) Independent directors carry out mutual evaluations, the Board of Supervisors issues the evaluation report, which shall be verified by external audit institutions. The annual performance self-evaluation questionnaire for directors is filled out by the directors themselves. The questionnaire covers self-evaluation on a director's performance in terms of loyalty and diligence, professionalism, independence, morality, compliance, a brief summary of the director's performance, opinions and suggestions on corporate governance and operation management, etc. In 2021, the performance evaluation results for our board members were rated as "Competent".

Meanwhile, our Board of Supervisors periodically invites an external audit institution to carry out directors' performance evaluation each year, and discloses the external audit institution's verification opinions on the performance evaluation results in the Performance Evaluation Report.

1.1.4 Protecting Shareholders' Rights and Interests

CMB earnestly fulfills its responsibility to protect shareholders' rights and interests, strictly standardizes shareholders' equity policies and voting rights, actively encourages shareholders to participate in corporate governance, and helps all shareholders obtain valuable corporate information through timely, transparent and effective information disclosure.

Equity Policy

According to relevant laws and regulations issued by regulatory authorities and the Articles of Association, we strictly abide by the principle of "same shares and same rights" for common shares. Common shareholders (including shareholder agents) can exercise their voting rights according to the number of voting shares they represent, and each share has one vote.

Holders of CMB's preferred stocks have no voting rights except for in the following circumstances: matters involving classified voting of preferred stocks such as issuance of preferred stocks; amendment of content related to preferred stocks in CMB's Articles of Association; when one-time or cumulative reduction of registered capital exceeds more than 10% within the validity period that preferred stock holders restore their voting rights (i.e. from the day when CMB's general meeting of shareholders approves of CMB's failure to pay preferred stock dividends as agreed for a total of 3

fiscal years, or 2 consecutive fiscal years to the day when CMB pays dividends in full for the current year).

Shareholder Engagement

We adopted various safe, economic and convenient measures to facilitate shareholders' participation in corporate governance.

The General Meeting of Shareholders and Announcement of Business Performance	<ul style="list-style-type: none"> • In addition to on-site registration, we also provided telephone and e-mail registration channels for the general meeting of shareholders. At the 2020 General Meeting of Shareholders, the QR code scanning method was adopted for shareholder registration for the first time. In this way, we quickly completed the shareholder identity verification, improved registration efficiency, effectively reduced the infection risk caused by crowd aggregation amid the pandemic, while effectively ensuring the health and safety of shareholders. • CMB held first-ever livestreamed 2020 General Meeting of Shareholders, annual results announcement and other meetings online, becoming the first listed bank to hold a livestreamed general meeting of shareholders. • CMB timely released investor communication videos on its official website, and actively responded to the hot issues that investors were concerned about in the market.
Daily Communications	<ul style="list-style-type: none"> • Leveraging CMB's official website, investor mailbox, consulting hotline, SSE E-Interaction Platform and other channels, CMB fully considered and addressed the hot issues that investors were concerned about.

Information Disclosure

In 2021, we implemented the “investor-centered” service concept, took the initiative to disclose information that can facilitate investors’ decision-making, and continuously improved the timeliness and quality of information disclosure. In this way, we continuously improved the timeliness, effectiveness and transparency of information disclosure, and ensured that investors can obtain information in a timely, accurate and equal manner. In addition, we revised the *Working System of the*

Secretary of the Board of Directors, in order to further promote the construction of information disclosure related system.

Highlights of Information Disclosure in 2021

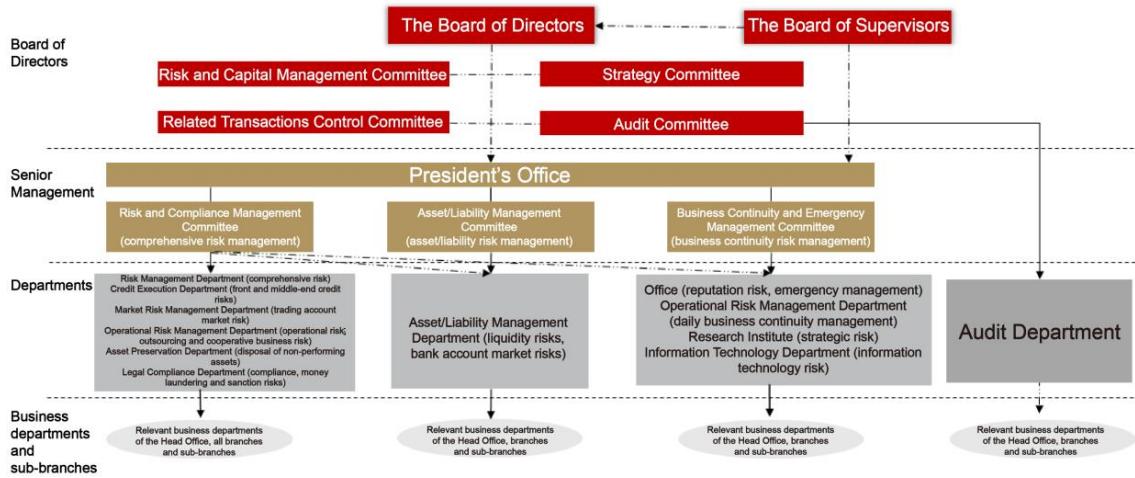
- We strengthened strategic publicity for periodical reports, and helped investors gain a deeper understanding of CMB's strategic planning and objectives.
- We continuously optimized the disclosure of issues that investors are concerned about, and made in-depth analysis of hot issues through thematic discussions.
- The disclosure framework of our quarterly reports was revised to enrich the disclosure content. A shift from semiannual to quarterly disclosure was made to disclose more key information needed by investors.
- We released our first visual annual report “Chasing the Light” as a video clip, which displayed business highlights and the strategic implementation results of CMB in 2021, while enhancing the reading experience.

Since the year that the Shanghai Stock Exchange carried out the first annual assessment of listed companies' information disclosure, CMB had obtained the top score of Grade A for 8 consecutive years. In 2021, we disclosed a total of 283 documents (about 1.97 million words) on the Shanghai Stock Exchange and HKEx, without any information disclosure errors.

1.2 Strengthening Risk Management

Building the best risk management bank is one of CMB's strategic objectives during the 14th Five-Year Plan period. Adhering to prudent and steady risk management concept, we have established a robust and comprehensive risk management system to vigorously support the sustainable and high-quality development of CMB.

CMB established a comprehensive risk governance structure covering all institutions, risks, businesses and processes. In the comprehensive risk governance structure, the Board of Directors is ultimately responsible for risk management affairs, the Board of Supervisors oversees the risk management work, and the senior management team directly leads the risk management work. Relying on the Risk Management Department, our business departments, domestic and foreign branches and risk consolidation companies closely cooperate with each other, while our audit department carries out independent audit.



Risk Management System	<ul style="list-style-type: none"> We formulated the risk management handbook for each branch, thus fundamentally improving risk management system from the perspectives of rules, process and system, etc.
Risk Management Preferences	<ul style="list-style-type: none"> We adhered to maintaining sound risk preferences and risk appetite. The factors that decided the amount of risk appetite included overall risk, capital, profit, reputation and compliance. We accurately defined, clearly measured, prudently assessed and proactively managed all material risks faced in day-to-day operations, in order to ensure that all business activities are effectively implemented within our risk appetite framework and match our risk tolerance and capital adequacy. We also strived to maximize risk return within the set risk tolerances.
Risk Management Model	<ul style="list-style-type: none"> The First Line of Defense - Business operation units and business management departments: are directly responsible for risk management. In 2021, CMB established a risk information identification and transmission mechanism; formed the risk management mechanism of business departments; clarified risk management responsibilities and work paradigm; and formulated risk management performance evaluation standards. This greatly strengthened the role of the first line of defense in identifying and managing risks. Second Line of Defense - Risk compliance department: is mainly responsible for formulating basic risk management rules and policies, analyzing and reporting the overall risk management status, evaluating and monitoring the standardization and effectiveness of risk management of all departments and institutions at all levels, and performing the duty of reporting comprehensive risks. The Third Line of Defense - Internal audit department: are mainly responsible for carrying out inspection and supervision to ensure the effectiveness of the first and second lines of defense.

Risk Management Training	<ul style="list-style-type: none"> We set up a comprehensive, hierarchical and vertically-integrated risk management education and training system; provided diversified training sessions to meet the different learning needs of our employees, and constantly enhanced the pertinence and professionalism of our training programs. In 2021, we built a risk case database, and increased efforts to summarize the risk management cases of large-sum customers and new business.
Risk Management Evaluation	<ul style="list-style-type: none"> While coordinating business development and risk management, we established a performance assessment indicator system that considers both economic benefits and risks. Through our assessment mechanism, we guided the stable development of our business units while ensuring risks are under control.

1.3 Strictly Abiding by Basic Compliance Requirements

Adhering to the principle of “compliance first”, CMB strictly implemented various regulatory policies and requirements, clarified the responsibilities of entities responsible for compliance management, vigorously promoted the implementation of internal control and compliance management measures, and achieved effective results in internal control and compliance management.

1.3.1 Employee Behavior Management

The Board of Directors is ultimately responsible for employee behavior management. By formulating the *CMB Employee Behavior Compliance Handbook*, the *Prohibitions for CMB's Employees* and the *CMB Detailed Code of Conduct for Employees*, we thoroughly deepened employees' compliance awareness and standardized employees' compliance behaviors.

The Board of Directors	The Board of Directors: is ultimately responsible for employee behavior management	The Board of Supervisors: supervises and evaluates the performance of the Board of Directors and Senior Management in employee behavior management
Risk and Capital Management Committee of the Board of Directors: performs some duties of the Board of Directors after being authorized by the Board of Directors		
Senior Management	Senior Management: is responsible for implementing employee behavior management and implementing the resolutions of the Board of Directors	
Departments of the Head Office and Branches	<p>Legal Compliance Department: plays a leading role for employee behavior management</p> <p>Risk Management Department: is responsible for building risk management culture, investigating and handling major risk events</p> <p>Audit Department: is responsible for the audit and supervision on employee behavior management</p>	<p>Monitoring and Security Department: is responsible for the centralized management of case prevention and control and accountability for violations</p> <p>Human Resources Department: is responsible for assessing the behaviors of cadres to be recruited or to be employed, providing education and training for new employees/ new cadres, and safekeeping employee's archives</p>
Departments of the Head Office and branches, and business units at all levels	Departments of the Head Office and branches, and business units at all levels: is mainly responsible for employee behavior management	

Employee Violations Monitoring

We adopted the employee violations monitoring mechanism that combines regular investigation for irregularities and special investigation. In the process of daily operation and management, we followed the principle of “Know Your Employees”, and paid close attention to the work status and psychological state of employees; and organized and carried out investigations to detect key violations in key areas, in order to quickly detect employee irregularities, effectively control and eliminate potential risks.

Meanwhile, we incorporated the compliance requirements into the salary and performance assessment system for managers and employees at all levels in various business sectors through multiple management mechanisms. These measures have served well in the prevention of various violations.

Penalty Points for Violations	We implemented quantitative management of employees' violations, and taken employee behavior control measures such as warning and education, compliance admonition or training for those under suspension, based on the accumulative penalty points. Those employees who received admonishment or were under suspension for training due to compliance violations cannot qualify to be an excellent/ advanced employee of the year.
Employee Violations List	Employees who seriously violated rules, laws, regulations and disciplines were put on the “Employee Violations List”. And we clearly specified the specific scope and period of relevant employees' business qualification, job promotion, assessment and evaluation, recruitment and employment restrictions.
Resignation Audits for Outgoing Employees	Resignation audits were carried out for those asset business personnel who applied for resignation. Resignation procedures were handled after holding accountable the employees that had non-performing assets and improperly performed their duties.

[Case] Conducting Employee Behavior Audits

We incorporated the system regulations that are closely related to the employees' code of conduct and implementation results into the top priorities of periodical or non-periodical special audits and the continuous audit of different business departments. Leveraging the special audit model group, we conducted audit monitoring on the abnormal behavior risk characteristics of relevant employees through audit methods (mainly off-site audit) or listing the abnormal behavior of employees as audit items in some special auditing projects.

During the audit, we formulated the *CMB Management Measures for Audit and Verification of Employee Irregularities* to standardize and strengthen the audit and supervision of employee irregularities; identified those irregularities of employees in CMB and related subsidiaries that are different from ordinary performance and may pose potential risks, or may involve violations of rules and disciplines, or induce accidents and cases, especially, those irregularities where employees take advantage of their positions to seek illegal interests in violation of laws and regulations. We quickly reported irregularities and violations of employees detected in the audit, and urged rectification.

Compliance Training and Publicity

By issuing system documents and carrying out training and publicity activities, we ensured that the employee code of conduct and relevant compliance regulations can be communicated to all employees, and created a good atmosphere for the construction of internal control and compliance culture. In 2021, we formulated 15 compliance training materials such as interpretation of new regulations, typical warning cases for education, and further standardized the duties and work content of various institutions and business departments in carrying out compliance education for employees.

Education and training program	Training frequency and trainers	Training coverage	Training method	Main Content
Compliance training provided by leaders	<ul style="list-style-type: none"> • The head of each department shall provide training for employees at least once each year • Compliance officers shall provide training for employees at least once every six months • Compliance supervisors shall provide training for employees at least once every three months 	Managers and employees	Mainly includes on-site teaching	Supervision situation and requirements, interpretation of internal and external regulations, publicity of employee code of conduct, internal control and compliance management system, typical warning cases for education, etc.

Education and training program	Training frequency and trainers	Training coverage	Training method	Main Content
Compliance training for new employees	<ul style="list-style-type: none"> • The head of Internal Control and Compliance Management Department shall provide one training session for new employees 	New employees recruited in the year	Mainly includes centralized off-duty training	Compliance course training, including basic knowledge of internal control and compliance, basic management system, publicity of the employee code of conduct, typical warning cases for education, etc.
Special compliance training	<ul style="list-style-type: none"> • Non-periodical training 	Key employees in relevant posts of internal control and compliance management	Centralized on-site teaching or video training	Tailored training sessions for key employees according to their responsibilities and work content

In addition, we also provided employees with consulting services on business ethics and behavior management, including: providing on-site consulting services for employees in the Q&A session of compliance training; disclosing the contact information and other information about the personnel that can provide consulting services for employees in the relevant systems of the employee code of conduct. The legal compliance departments of the Head Office and branches provided employees with consulting services on the content related to the code of conduct for employees in the printing and distribution system of the department. If any branch's legal compliance department is unable to reply to the consultation, they can further consult the legal compliance department of the Head Office.

1.3.2 Anti-corruption

In 2021, the *Amendment to the Criminal Law of the People's Republic of China (XI)* officially came into force. CMB deepened the typical warning cases for education, and actively publicized new requirements through innovative publicity and education methods. This helped to promote the rapid, extensive and in-depth popularization of the new regulations. We also set up smooth reporting channels, strict corruption handling procedures and comprehensive anti-corruption training to continuously enhance the integrity awareness of all employees.

Corruption Clue Reporting

The *Administrative Measures for Disciplinary Inspection and Supervision on Complaint and Whistleblowing* issued by CMB sets forth detailed and comprehensive provisions on the reporting channels, reporting procedures, whistleblower protection, and other issues related to discipline inspection and supervision and anti-corruption.

Expanding Whistleblowing Channels	<ul style="list-style-type: none"> • Discipline inspection and supervision departments at all levels should regularly disclose the accepted whistleblowing scope, mail address for whistleblowers, locations for receiving complaints and whistleblowing information, 24/7 whistleblower hotline, fax numbers, email address, handling procedures for whistleblowing, etc. We also set up mailboxes for receiving whistleblowing information, and ensured that at least two employees open the mailboxes and register complaints and whistleblowing information.
Reporting & Whistleblowing Procedure	<ul style="list-style-type: none"> • We strictly implemented the <i>Work Rules of Discipline Inspection and Supervision Organs for Handling Complaints and Whistleblowing</i> issued by the General Office of the CPC Central Committee to receive and handle complaints and whistleblowing information. The procedures consist of three parts, namely complaint receiving, clue processing and clue settlement. • In 2021, we effectively verified the cases reported by whistleblowers, accurately handled various cases, attached great importance to restoring the reputation of relevant personnel if they were falsely accused, and continuously optimized the complaint and whistleblowing work procedures.
Protecting the Rights and Interests of Whistleblowers	<ul style="list-style-type: none"> • Discipline inspection and supervision departments at all levels in CMB allow anonymous reporting. Suppression, discrimination, harassment, retaliation and framing against whistleblowers and their relatives is strictly prohibited. Transfer of materials and information about whistleblowing and accusations of the reported parties or unrelated units are strictly prohibited. We investigate and punish any activity that violates a whistleblower's civil rights, and effectively protect the legitimate rights and interests of whistleblowers, including anonymous whistleblowers.

By the end of 2021, discipline inspection and supervision departments at all levels of CMB had accepted and disposed of 142 cases. In 2021, we didn't detect any other existing or potential corruption problems.

Handling Corruption

We compiled a special chapter in the *CMB Measures for Handling Employees' Violation of Rules and Disciplines* to clarify behaviors that violate anti-corruption disciplines, and proposed methods for handling violations. Moreover, the most concerned behaviors were added into the *Ten Rules of CMB on Right Behaviors and Disciplines* as prohibited behaviors.

Based on the *CMB Administrative Measures for Criminal Cases*, we formulated internal evaluation standards for major criminal cases in 2021, refined the regulatory standards in the fields of “credit business” and “non-credit business” from both qualitative and quantitative perspectives, and imposed more severe punishment on criminal cases including corruption cases.

Integrity and Anti-Corruption Education

In 2021, we deepened integrity education. Disciplinary inspection committee secretaries at different levels of CMB held over 110 integrity-themed classes, and interpreted the key policies and typical criminal cases. At the same time, we also held meetings for the secretaries and deputy secretaries of discipline inspection commissions from different branches to review their own performance of duties and clean governance. Additionally, the Head Office's Enlarged Conference of Discipline Inspection Commission was attended by members of the Head Office's Discipline Inspection Commission, leaders of inspection teams, and secretaries of the discipline inspection commission of each branch (subsidiary). Through training, debriefing, learning important documents, speeches and reporting typical cases, we safeguarded the workplace and created an environment where nobody is able to, dares to or wants to bribe anyone. In 2021, we organized 91 anti-corruption training activities, with a total of 76,743 participants.

1.3.3 Anti-money Laundering

CMB fully incorporated the requirements of anti-money laundering laws, regulations and policies into CMB's policies, systems and specific business procedures concerning business, operation and products; and formulated the *Anti-Money Laundering and Sanction Compliance Policy*, which is applicable to CMB and its branches and subsidiaries, and was reviewed, approved and implemented by CMB's Board of Directors. It underpinned CMB's anti-money laundering governance

structure, and formed a hierarchical and well-coordinated anti money laundering organization system with clearly defined rights and responsibilities.

The Board of Directors	<ul style="list-style-type: none"> • The Board of Directors is ultimately responsible for money laundering risk management. It determines the cultural construction objectives of money laundering risk management; deliberates on or authorizes its special committees to deliberate on CMB's basic policies on anti-money laundering, as well as the money laundering counter-terrorist financing risk assessment report, and performs other duties.
The Board of Supervisors	<ul style="list-style-type: none"> • Risk and Capital Management Committee of the Board of Directors is responsible and circumspect when deliberating the anti-money laundering reports every year as well as major anti-money laundering issues on an irregular basis. It provides professional opinions on money laundering risk management to the Board of Directors.
Senior Management	<ul style="list-style-type: none"> • The Board of Supervisors is responsible for supervising money laundering risk management, as well as the performance of the Board of Directors and senior executives in money laundering risk management. It puts forward opinions and suggestions on improving CMB's money laundering risk management. • Senior management is responsible for implementing money laundering risk management, clarifying the primary responsibility of the person in charge of anti-money laundering and compliance, and designating special senior management personnel to take charge of money laundering risk management.
Senior Management	<ul style="list-style-type: none"> • Senior management establishes Anti-money Laundering and Sanction Compliance Management Committee, which is responsible for deliberating on anti-money laundering and sanction compliance issues. Senior management shall appoint a senior executive who is specifically in charge of money laundering risk management to be the director of Anti-money Laundering and Sanction Compliance Management Committee.

Anti-money Laundering Teams of Head Office and Branches	<ul style="list-style-type: none"> • The Head Office's Legal Compliance Department established an anti-money laundering and sanction compliance management center, which is equipped with multiple professional teams. Some professional teams take charge of anti-money laundering policy management, system management, anti-money laundering list management and verification, anti-money laundering investigation, suspicious transactions monitoring and analysis; while others are engaged in continuous development and maintenance of the anti-money laundering IT system. • All departments of Head Office and branches have assigned compliance officers to manage their own anti-money laundering affairs, and established Anti-money Laundering and Sanction Compliance Management Committee, Anti-money Laundering Working Group or special posts to implement specific anti-money laundering affairs.
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In 2021, the People's Bank of China promulgated the *Measures for the Supervision and Administration of Anti-Money Laundering and Counter-Terrorist Financing of Financial Institutions* (PBOC Order [2021] No. 3), the *Guidelines on Anti-Money Laundering and Anti-Terrorist Financing for Banks' Cross-Border Business (Trial)* and the *Guidelines on Anti-Money Laundering and Anti-Terrorist Financing for Remittance Business* and other documents. To cope with the changes of regulatory policies and implement regulatory requirements, we promptly evaluated the possible impact of relevant regulatory policies, timely adjusted and improved money laundering risk management policies and processes, and quickly transmitted regulatory policies and management requirements to relevant departments or institutions through policy publicity, training and other means. In the meanwhile, we fully leveraged our fintech strength to optimize existing relevant system functions and develop new systems, new technologies and new tools, in order to effectively implement anti-money laundering laws and regulations in the Bank.

Anti-Money Laundering KYC

We established the basic anti-money laundering system, and a special anti-money laundering system for business or customer group departments. This systematically specifies the mechanism and procedures of anti-money laundering KYC. We adopt enhanced due diligence (EDD) for high-risk customers, and set different customer due diligence (CDD) procedures according to different scenarios.

Scenarios for enhanced due diligence (EDD) include but are not limited to:

- Customers with high money laundering risks and high risks;
- Those customers or their important associates who come from high-risk countries or regions with risk warning from Financial Action Task Force (FATF) and other international authoritative organizations, as well as countries or regions with serious criminal activities such as terrorist activities, drug crimes, cross-border fraud, smuggling and corruption, which are listed by the United Nations and the Chinese government;
- Customers who are actually on the anti-money laundering list;
- Customers who are suspected to be engaged in money laundering and related crimes, where relevant government organs, departments and institutions require CMB to cooperate with investigators or national judicial, law enforcement and supervision organs to carry out corresponding investigation, after it is comprehensively determined that the risk status of customers has changed significantly, it is necessary to conduct enhanced due diligence (EDD), etc.

For customers in high-risk countries or regions, we have formulated anti-money laundering risk management strategies in strict accordance with the standards of FATF and domestic anti-money laundering laws, regulations and policies. We also adopt differentiated business strategies, customer due diligence measures and risk control measures according to different risk situations, which include but are not limited to: establishing business relationships, conducting enhanced due diligence, getting a deeper understanding of the purpose and intention of establishing business relationships, and deeper knowledge of the customer's wealth and capital source, obtaining higher-level approval before establishing business relationship, raising a customer's money laundering risk level, increasing the frequency of customer information reviews, strengthening transaction monitoring, restricting account functions, and limiting the types of business that can be handled and transaction scale.

Anti-money Laundering Training for Employees

We established a sound anti-money laundering and sanction compliance training system. In 2021, we conducted 1,026 anti-money laundering training sessions, with a total of 263,063 participants.

Training Objects	Directors, supervisors, senior managers business personnel, anti-money laundering personnel and new employees in the Head Office, branches and subsidiaries
Training Forms	On-site centralized training, on-site attendant training, online centralized training, online independent training, etc.

Training frequency	<ul style="list-style-type: none"> • Bank-wide anti-money laundering training for key executives is held every year. Special training on anti-money laundering is held from time to time. • Anti-money laundering training is provided for directors, supervisors, and senior management every year. • Each business department carries out at least one anti-money laundering training for all employees in the department every year. Key departments carry out special anti-money laundering training semi-annually or quarterly. • All new employees are required to receive anti-money laundering training. • We participated in all types of training activities organized by regulatory authorities.
Training Content	Policies and procedures for money laundering risk management, money laundering risk assessment, customer due diligence, risk classification and classified management, anti-money laundering monitoring and analysis, sanction compliance management, business money laundering risk management, sanctions list management, investigation of existing customers that involve high risks, and more.

Suspicious Transactions Management

In regards to customers with high risks of money laundering or terrorist financing, we established comprehensive monitoring, analysis and disposal procedures, clarified the handling measures, application conditions and specific procedures, and established internal and external reporting systems to help our employees and stakeholders to report suspected money laundering cases to CMB. In 2021, we had no money laundering cases or major violations.

Suspicious Transaction Reporting	<ul style="list-style-type: none"> • Employees: Our anti-money laundering system specifies that all employees are obliged to report suspicious transactions. The anti-money laundering monitoring system allows all employees to use the reporting function to report abnormalities to the Legal Compliance Department, which carries out investigation, analysis and reporting according to the evidences, and takes appropriate control measures according to the actual risk level. • Partners and Other Stakeholders: It is clearly specified that they should hand over suspicious transactions and violations found in business cooperation in a proper manner, and cooperate with CMB to investigate relevant suspicious transactions or behaviors and implement risk control measures.
Handling Money	<ul style="list-style-type: none"> • The responsible department shall take the lead in investigating the causes of the case, and take remedial measures. These include

Laundering or Violation Cases	taking risk management measures for specific customers or products, optimizing and improving the anti-money laundering working mechanism, adjusting and improving the anti-money laundering policies and systems, improving relevant business systems or procedures, and issuing risk warnings in a timely manner. In the meanwhile, those who are responsible for the case shall be comprehensively investigated.
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1.3.4 Tax Payment

Adhering to the principle of “operating in good faith and paying taxes according to law”, CMB strictly abides by the tax laws and regulations of the country and/ or region where the Company operates. CMB’s leaders reviewed and approved tax strategies, formulated a series of tax management systems and measures, clarified the specific responsibilities of tax related posts, operating procedures, risk control and other aspects, comprehensively standardized various tax handling processes, and enhanced employees’ awareness of tax related risks.

- Built a tax knowledge empowerment system, continued to carry out special tax training, strengthened tax compliance awareness, and improved the ability to understand and grasp tax policies.
- Promoted the construction of tax informatization, constantly optimized the tax system to make it more automatic, refined and intelligent; consolidated the basic management, strengthened daily risk control, and standardized the tax operating procedure to prevent tax risks.
- Strengthened communication with interbank, consulting institutions and tax authorities, actively discussed cutting-edge tax issues, built a dynamic tax related risk assessment mechanism, and enhanced the certainty of tax handling, thus improving the level of risk control.

1.3.5 Intellectual Property Protection

In 2021, China revised the *Patent Law* and *Copyright Law*. CMB handled patent application, copyright registration and other issues in accordance with the current laws and regulations, and continued to implement relevant systems and regulations issued by CMB, such as the *CMB Rules on Intellectual Property Management*, *CMB Administrative Measures for Legalization of Software* and *Notice on Strengthening Copyright Management in Business Activities*. In 2021, there were no court judgments stating that CMB had major intellectual property violations.

- We livestreamed a patent lecture titled “Patent Introduction and Mining” to enhance employees’ awareness of intellectual property protection.

- We encouraged invention and creation while promoting independent innovation. By the end of 2021, CMB had a total of 68 authorized patents which are still in force. In 2021, CMB obtained 11 new authorized patents, and filed 63 new patent applications for inventions.

1.4 Improving Procurement Management

CMB formulated over 20 procurement-related systems, including *CMB Administrative Rules for Procurement (Second Edition)*, *CMB Administrative Measures for Centralized Procurement (Fifth Edition)*, *CMB Administrative Measures for Decentralized Procurement (Second Edition)*, *CMB Rules Governing Suppliers*, among others. Following the principles of “openness, fairness, impartiality, competition, effectiveness, efficiency and honesty”, we adopted the system of publicizing procurement information and announcing transaction results, and selected suppliers via both centralized and decentralized procurement processes.

We also adopted hierarchical and classified management for suppliers, and divided suppliers into two major categories: key suppliers, and general trading suppliers. For key suppliers, we adopted track management, and monitored contract performance risk and market price changes in real time. For general trading suppliers, we quickly detected and dealt with contract performance problems. For suppliers with poor records, we noted the reasons for the poor records and stopped using these suppliers.

We provide targeted training for procurement-related employees to help them identify a supplier’s business risk, moral hazards, contract performance risk and other related risks. Supplier’s business risks include anti-money laundering risk, financial risk, litigation risk, risk of violation of laws and regulations, etc. Supplier’s moral issues can include illegal bidding and bid-rigging, bidding fraud, and other risks. Contract performance risks include malicious breach of contract, supply interruption, overdue supply, quality incidents, etc.

- **Suppliers’ social risk management:** Suppliers were urged to strengthen labor management and ensure labor health and safety by adding safety management requirements for suppliers in overall procurement requirements and requiring suppliers to provide a proof of social security benefits provided for major project personnel.
- **Supplier environmental risk management:** While ensuring compliance with procurement requirements, as well as applicable quality and service standards, we gave preference to energy-saving and eco-friendly products. When procurement involves environmental requirements, suppliers are required to have an ISO 14001 Environmental Management System certification, China Environmental Labeling Product Certification and other

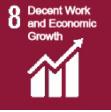
relevant qualifications. Those who can provide these qualifications can get extra points in the supplier grade ranking. Moreover, in the process of implementing centralized procurement projects, we factored procurement into total cost of ownership, and introduced other related indicators to assess service cycles of suppliers' products and equipment. By doing this, we enhanced suppliers' environmental protection awareness.

In 2021, we developed and built the “CMB E” Procurement Management System, promoted the paperless operation of the whole procurement process, and provided about 140 training sessions for suppliers. The training content covers supplier's portal and commodity operation performance management, etc.

II. Serving Economic and Livelihood Development

Introduction

The real economy is the cornerstone of finance, while finance is the salt of the real economy. Serving the real economy is not only a bound duty of finance, but also the key to its survival. CMB is fully aware of importance of financial strategy in promoting the development of the real economy, and continually enhances our sense of social responsibility. By deepening the supply-side service structural reform, and constantly optimizing the allocation of financial resources, CMB actively integrated into the new ecology of the real economy; continuously leveraged financial instruments to promote the development of the real economy in the key areas and promote people's livelihood development in poor areas; and made full use of its advantages in big wealth management and strong fintech to improve financial products and services and effectively meet the needs of high-quality economic and social development.

SDGs	Our Actions
  	<ul style="list-style-type: none"> • We vigorously supported the construction of national public and new infrastructure, actively responded to national major regional development strategies, and provided strong credit support to those regions involved in major regional development strategies, thus accelerating regional economic development with financial strength. • Focusing on the needs of “new momentum” companies, we integrated various resources to provide enterprises with all-around life-cycle services, and effectively promoted economic development and dynamic change. • By creating innovative financial products and services, we helped people solve pension, medical care, education, and people's livelihood problems along with other issues, and allocated financial resources to the appropriate key areas that need assistance. • We leveraged our five major product systems to provide continuous financial services for Chinese enterprises and multinational enterprises that are expanding business at home and abroad, and made use of our financial strength to enable these enterprises to benefit from the construction of free trade areas and the Belt and Road Initiative.

Our Achievements

- The balance of loans made to strategic emerging industries reached **219.154 billion**; the amount of loans made to strategic emerging industries accounted for **11.64%** of CMB's total loans;
- We had RMB **138.234** billion of entrusted enterprise annuities and occupational pensions in total, and had 2.0888 million enterprise annuity accounts under management.
- We had issued a total of **32.76 million** electronic social security cards and **14.26 million** electronic certificates for national basic medical insurance.
- CMB App had accessed **1,234** government convenience service interfaces. The number of monthly active users on convenient service cloud platform reached **8.9112 million**
- With **64** “counterparty” trading countries, the total amount of CMB's international settlements had exceeded **RMB 330 billion**.

2.1 Serving the Real Economy

As the cornerstone of the national economy, the real economy is also essential to building a great economic power and rejuvenating the nation. Following the major national strategic directions and guidelines, CMB has improved its overall efficiency and level of financial services, and made notable contributions to establishing a modern economic system.

2.1.1 Boosting Infrastructure Construction

Infrastructure is the foundation of China's economic and social development. CMB constantly introduced innovative products and service modes to provide vigorous support for the construction of public infrastructure and new infrastructure.

In terms of public infrastructure, we developed and optimized comprehensive service plans for public and social infrastructure projects (including expressways, urban rail transit and airports), formulated loan pricing policies for infrastructure projects, and offered loans with preferential pricing to transportation and technology infrastructure projects. We also released the railway industry credit audit guidelines and expressway loan application ideas; optimized loan application procedures and unified loan schemes for large provincial expressway groups; and formulated the guidelines for loan applications and verified the total amount for expressway groups. Through these efforts, we unified risk preferences, and improved the quality and efficiency of approval procedure.

In terms of new infrastructure, we issued seven industrial solutions, including the *5G Professional Business Solutions for the Telecom Industry*, *Professional Business Solutions for Urban Rail Transit Industry*, etc., and provided vigorous support from the perspectives of industry awareness, professional services and product innovation.

- **Deepening our understanding of relevant industries:** We deepened employees' understanding of industries related to new infrastructure through service experience sharing activities, and issued the *Big Data Center Industry Solutions (2021)*, *Urban Rail Transit Industry Solutions (2021)*, *Professional Business Solutions for New Energy Vehicle Industry*, the *Development and Customer Service Program of New Energy Vehicle Industry*, *Internet of Things Solutions*, etc. We invited experts in the new energy vehicle industry and loan approval experts to hold a specialized seminar on the auto parts industry solutions.
- **Providing professional services:** CMB incorporated various industrial chains, including new energy vehicles, photovoltaic, communications, urban

- rail transit, intercity high-speed rail, and UHV (power transmission and transformation), into the CRM (customer relationship management) industry center, and drew an industrial chain map to accelerate the establishment of a new infrastructure professional service system.
- **Continuously innovating products:** We developed the “5G Post-it Notes”, which is a 5G featured bill product, and created “Yin Rong Tong (银融通)” business in the field of new energy power generation, as well as renewable energy subsidies without recourse factoring.

[Case] Nantong Branch provided financial support for railway construction projects to promote economic development

Nantong Branch has invested heavily on the construction of major transit and ring expressway projects, focused on the development of intersections of China's coastal and riverside development strategies, and accelerated the formation of Shanghai-Suzhou-Nantong Economic Circle. Through multi-channel resource integration and efficient financial services, the branch actively facilitated the urban infrastructure construction in Nantong City and promoted urban economic development. By the end of 2021, the branch had invested a total of RMB 250 million in Nantong's rail transit projects.

[Case] Dalian Branch vigorously promoted the construction of Dalian as a regional “four centers” zone and the revitalization and development of Northeast China

Dalian Branch has actively supported the development of local transportation industry to promote the construction of Dalian into an important international shipping center, international logistics center, regional financial center and international trade center in Northeast Asia. The branch spared no effort to accommodate the needs of Liaoning Port Group (a leading enterprise in the local transportation industry), and provided it with more than RMB 10 billion in credit lines. In addition, as the lead underwriter for issuing the bonds, Dalian Branch issued more than RMB 10 billion bonds in total, and provided comprehensive financial services in term of retail and agency business.

In addition, the branch actively supported the construction of Taipingwan Project, which is a major strategic project in Dalian City. In early 2021, Dalian Branch and China Merchants Taipingwan Development & Investment Co., Ltd. signed a strategic cooperation framework agreement, which clarified the orientations of future cooperation, such as promoting the construction of ports and other fixed assets, public infrastructure and public service supporting facilities in the Taipingwan region while optimizing the assets and debt structure of China Merchants Taipingwan Development & Investment Co., Ltd., and reducing financing costs, etc.

2.1.2 Supporting Regional Development Strategy

In 2021, CMB actively responded to national major regional development strategies, carried out research on the economic development in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and other key regions; provided regional financial planning services and consulting services on state-owned enterprise reform for local governments and local government-led financing platform enterprises, and provided strong credit support to those regions involved in major regional development strategies, thus accelerating regional economic development with financial strength.

Guangdong-Hong Kong-Macao Greater Bay Area (GBA)	<ul style="list-style-type: none"> Combining the key orientation in the GBA's development planning outline and the characteristics of regional economic structure, CMB formulated customized credit policies for 19 featured industries, such as urban rail transit and 5G mobile communication. CMB simplified the approval process for syndicate loans in the GBA, and established a green approval channel and a green channel for product innovation in the GBA.
The Yangtze River Delta	<ul style="list-style-type: none"> The <i>Guiding Opinions on Accelerating the Business Development of Branches in the Yangtze River Delta Region</i> was issued to deepen the understanding of nine regional industries with distinctive characteristics, such as the industrial gas industry in Shanghai and power battery industry in Nanjing. CMB implemented individualized and differentiated industrial credit policies, loan audit guidelines, business strategies and measures in the Yangtze River Delta. CMB selected 28 representative key enterprises in ten major industries such as the new energy vehicle industry in Hefei City and biomedicine industry in Suzhou City; formulated and implemented financial service solutions on a “one policy for one customer” basis.

Beijing-Tianjin-Hebei region	<ul style="list-style-type: none"> • Giving full play to existing policies and other mechanisms related to regional collaborative development, the Head Office and branches jointly promoted resource sharing and made use of complementary advantages. • CMB further improved services for the major projects of key customer groups in sectors that provided new growth momentums for the economy, as well as specialized, refined, featured and innovative industries; and optimized the credit loan structure while continuously increasing credit support.
Chengdu-Chongqing Economic Circle	<ul style="list-style-type: none"> • CMB kept abreast with the construction of Chengdu-Chongqing Economic Circle, and actively provided financing services for high-speed railway, expressway, shipping and 5G projects and other infrastructure projects, as well as major projects in modern industrial system, such as AI integrated application platforms, Western Chongqing-Southern Sichuan Comprehensive Logistics Park and Bashu Intangible Cultural Heritage Industrial Park.

2.2 Accelerating the Cultivation of “New Momentum”

In recent years, the “new momentum” companies driven by new systems, new elements and new markets have become important new driving forces to promote China’s economic development, transformation and upgrading. Focusing on the needs of “new momentum” companies, CMB integrated various resources to provide enterprises with all-around life-cycle services, such as “investment banking + commercial banking”, “corporate+ retail”, “equity + debt”, “long-term + short-term” and “financial + non-financial”. In addition, CMB provided vigorous support for the high-end filter, RF chip, semiconductor material, semiconductor testing and other cutting-edge manufacturing projects that can fill the gap in China; helped excellent manufacturing enterprises improve their market competitiveness through technological innovation and R&D, commercialization of cutting-edge technologies, and strategic M&A, and effectively promoted economic development and dynamic change.

To provide better services for “new momentum” companies, in 2021, we further clarified the classified and dynamic management methods for “new momentum” companies, formulated a series of products and customer service programs such as the *Life-cycle Management Program for “New Momentum” Companies*, vigorously built the brand of “Qianying Zhanyi (千鹰展翼)” program. In collaboration with the competent financial departments of 31 provincial and municipal governments, stock

exchanges, leading brokers and investment institutions, CMB held 15 events including the “Joint Navigation Assistance Plan (联合助航计划)”, “Zhanyi Forum (展翼论坛)”, “Entering the Stock Exchange” and “IPO Express”, etc., providing listing services for nearly 1,000 echelon enterprises with new growth momentum. CMB deepened cooperation with Torch High Technology Industry Development Center of the Ministry of Science and Technology, actively participated in the innovation and entrepreneurship competition and provided services for participating enterprises.

By the end of 2021, the balance of loans made to strategic and emerging industries reached RMB 219.154 billion; the amount of loans made to strategic emerging industries accounted for 11.64% of CMB’s total loans. In 2021, we created 274 IPO fundraisers and raised RMB 106.821 billion while nurturing 31,713 new customers under the “Qianying Zhanyi” program, and provided RMB 719.104 billion in credit lines.

[Case] Ningbo Branch upgraded the service model to support the high-quality development of “new momentum” companies

Focusing on the key financial pain points and demand in the process of enterprise development, Ningbo Branch launched its project-oriented service mode upgrading, made use of the coordinated services of CMB Group, and strived to be a “long-term strategic partner” of regional high-quality enterprises.

Ningbo Branch completed the refinancing project for the acquisition of Takata Corp by Ningbo Joyson Electronic Corp. (“Joyson Electronics”). As the mandated lead arranger and bookrunner (MLAB), in addition to holding some capital, Ningbo Branch fully leveraged its advantages in investment banking and a broad circle of partners in the banking industry to efficiently fulfil distribution tasks outside the bank. As a manufacturer of key automobile safety components, Joyson Electronics is of great strategic significance to the stability of China's automobile industry supply chain. The merger and acquisition syndicate successfully organized by Ningbo Branch helped Joyson Electronics obtain the core technologies for high-end manufacturing and expand its global production capacity, thus providing strong financial support for the Chinese “new momentum” enterprise.

[Case] Guiyang Branch leveraged fintech to empower traditional transformation and promote the digital upgrading of taxi industry

Guizhou Branch cooperated with GY Taxi Smart Cloud, made use of the on-board information acquisition terminal and QR code entry in the taxi, combined software and hardware to promote the refined management of traditional taxis, and built an intelligent taxi big data management platform that can meet “government”, “civil” and “commercial” needs.

- The branch popularized the national e-invoice system for the taxi industry. Preliminary estimates showed that this will help taxi enterprises in Guiyang City reduce paper invoice costs by at least RMB 4 million each year.
- The branch launched many new functions to provide attentive services, such as automatic broadcasting of health QR codes, mobile payment complaints and suggestions, lost property recovery, sharing driving directions, effectively solving the problem of chaotic management in the traditional taxi industry.
- With the code scanning records of taxi passengers, the intelligent taxi big data management platform can achieve the function of case traceability and pandemic prevention and control, send data to the pandemic prevention and control departments, and helped them improve the efficiency of epidemiological investigation.

By the end of 2021, GY Taxi Smart Cloud had transformed 13,151 taxis in Guiyang City, covering 80% of the taxi drivers in the main urban area of the city. In the future, the project will extend the service scope to three counties in Guiyang City, and accelerate the modern digital transformation of local traditional cruise taxi industry.

[Case] Providing continuous support for the China Innovation and Entrepreneurship Competition

In 2012, we established the CMB Innovation and Entrepreneurship Public Welfare Fund. As the sole commercial bank that has made donations to support the China Innovation and Entrepreneurship Competition (the Competition) for 10 consecutive years, CMB selected, explored and tracked the participating enterprises with excellent services, and provided comprehensive financial services for many enterprises that boost mass entrepreneurship and innovation.

Over the past ten years, we have donated RMB 67 million, provided various forms of financial services to more than 100,000 participating small and medium-sized enterprises (SMEs), and provided tailored services for nearly 20,000 participating SMEs through the “Qianying Zhanyi” service system. A total of RMB 80 billion in credit lines

were provided for these enterprises. We vigorously created “Qianying Zhanyi” one-stop listing solutions for the innovation-driven SMEs with strong growth potentials in the competition, in order to help the participating enterprises develop rapidly and enter the capital market. So far, 122 participating enterprises have successfully gone public.



Shanghai Branch held a business meeting in an entrepreneurship park

2.3 Supporting Livelihood Development

Giving full play to its financial advantages, CMB is committed to creating innovative financial products and services to help people solve pension, medical care, education, and people's livelihood problems along with other issues. We are firmly dedicated to allocating financial resources to the appropriate key areas that need assistance.

Pensions	<ul style="list-style-type: none"> As one of the financial institutions with the most diversified licenses in the pension market, CMB has the enterprise annuity trustee license, account manager and custodian license, and its subsidiary China Merchants Fund has the enterprise annuity investment manager license. By the end of 2021, CMB had RMB 138.234 billion of entrusted enterprise annuities and occupational pensions in total, and had 2.0888 million enterprise annuity accounts under management.
Healthcare	<ul style="list-style-type: none"> We supported the Ministry of Human Resources and Social Security in promoting electronic social security cards, and continued our strategic cooperation with the National Healthcare Security Bureau to promote the electronic certificate for national basic medical insurance. By the end of 2021, we had issued a total of 32.76 million electronic social security cards and 14.26 million electronic certificates for national basic medical insurance.
Education	<ul style="list-style-type: none"> With our self-developed “fund supervision system for off-campus training institutions”, we helped 44 provincial, municipal and district-level education authorities achieve the whole-process management of off-campus training institutions, and provided services for more than 1,622 off-campus training institutions.

	<ul style="list-style-type: none"> • We carried out scenario-based cooperation with colleges and universities on electronic campus card, electronic alumni card and campus payment, and helped colleges and universities realize information upgrading.
Housing	<ul style="list-style-type: none"> • The CMB App officially presented the national housing provident fund mini-program of the Ministry of Housing and Urban-Rural Development of the People's Republic of China, covering all 341 urban provident fund centers, 137 housing provident fund branches and about 150 million housing provident fund depositors nationwide. • We provided 62 provident fund centers with AI intelligent customer service, credit factory, housing provident fund deposit service for flexible employees and other services, and effectively improved government service capacity. • By introducing special bonds for affordable housing, public offering real estate investment trusts (REITs) and project loans, we strengthened financial support for the construction and operation of affordable housing and rental housing to help new citizens and young people in big cities address housing difficulties. • We provided the housing and urban-rural construction fund management departments with a package of financial service programs, such as fund collection management and supervision service, and assisted competent authorities in implementing refined management.

In addition, we helped regulatory authorities establish a monitoring and early warning platform for migrant workers, strengthened the supervision on special accounts for the payment of wages for migrant workers, standardized the wage payment behavior and safeguarded the wages of migrant workers. By the end of 2021, we opened 9,092 special accounts for depositing wages, and helped more than 1 million migrant workers.

[Case] Creating a convenient service cloud platform

Since 2018, we have built and continuously improved the “convenient service cloud platform” that integrates various e-government service scenarios such as provident funds, social security, pension, tax and non-tax. At present, the convenient service cloud platform on the CMB App has covered 14 kinds of convenient services, including provident funds, electronic social security cards, electronic certificates for national basic medical insurance, social security queries, traffic fines, enterprise annuities, occupational annuities, real estate, taxation, cost of living, personal credit reports, service robots, COVID-19 pandemic reports, roadside parking, etc.

By the end of 2021, the CMB App had accessed 1,234 government convenience service interfaces. With 8.9112 million monthly active users, the convenient service cloud platform has gradually become a well-trusted government service channel at a customer's fingertips.

[Case] Nantong Branch developed cloud-based medical HIS (hospital information system) to improve the informatization level of grassroots medical institutions

Community health service centers, township health centers and other grassroots medical institutions often used the regional health information platform uniformly built by the National Health Commission, and often failed to meet the needs of local communities precisely. By providing high-quality information system services and support financial settlement services, the cloud-based medical HIS developed by Nantong Branch can meet the information construction requirements of grassroots medical institutions, as well as the needs of community members for convenient medical services. By the end of 2021, the cloud-based HIS has been adopted by 19 community health service centers in Nantong City.

[Case] Harbin Branch facilitated payment and optimized the food payment procedure for primary and secondary schools

According to statistics, more than 200,000 primary and secondary school students in Harbin City of Heilongjiang Province have to eat at school. Harbin Branch launched a smart ordering system for 1/3 of catering enterprises in the city. Parents can order or return meals for their children on the CMB App. Catering enterprises can read catering data in real time and distribute food according to the actual demand. This not only reduced teachers' non-teaching tasks, but also provided students and parents with a more convenient food ordering channel and effectively improved the transparency of entire catering process.

[Case] Suzhou Branch launched “Real Estate All-in-one Service (房产一网通办)”, fully utilizing online data to reduce round-trips

In May 2021, Suzhou Branch cooperated with Suzhou Real Estate Market and Trading Administration Center to launch the innovative “Real Estate All-in-one Service” mode that integrates “Internet, real estate transaction fund custody service, and bank loan service”. Under this mode, citizens can apply for house fund custody service and loans at any CMB outlets in Suzhou City. By offering one-stop real estate transaction fund custody services, the branch helped buyers and sellers of properties in stock reduce round-trips between the bank and trading center and complete house transaction in an efficient and convenient manner.

2.4 Developing Cross-border Finance

With a comprehensive cross-border financial product system and a global platform layout, CMB has amassed operating advantages in domestic and overseas businesses, online and offline channels, RMB and foreign currency businesses, onshore and offshore markets as well as commercial and investment banking. In 2021, CMB leveraged these advantages, and our five major product systems (including cross-border settlement, cross-border exchange rate hedging, cross-border trade finance, cross-border investment and financing, and cross-border capital management) to provide continuous financial services for Chinese enterprises and multinational enterprises that are expanding business at home and abroad. Relying on its financial strength, CMB enabled these enterprises to benefit from the construction of free trade areas and the Belt and Road Initiative.

- In 2021, CMB launched its first cross-border FT note in China and CMB's first innovative free trade bond product, thus constantly enriching the free trade financial product system.
- With the help of strong fintech, cross-border finance has officially become an online product system that integrates settlement, transaction and financing. CMB became the first bank that realized 100% online payments of capital project revenue. With 64 “counterparty” trading countries, the total amount of CMB’s international settlements had exceeded RMB 330 billion.
- The credit loans granted by CMB in “counterparty” trading countries along the Belt and Road had exceeded RMB 10 billion. Major credit instruments include import letters of credit, guarantees, export factoring, import and export payments on behalf of others, international forfaiting, import and export documentary bills, etc.
- CMB supported the financing of major projects along the Belt and Road, and strengthened export factoring business for the overseas contracted projects of those Chinese enterprises that are going global.
- Leveraging the “CMB Hedging (招银避险)” and a series of exchange rate and interest rate proxy trading products and combinations, CMB provided multiple hedging services (including exchange rate hedging, small currency NDF (non-principal deliverable forward), interest rate swaps, etc.) for the Belt and Road national project loans and enterprise financing, and vigorously supported the exchange rate and interest rate hedging for overseas importers and owners.

[Case] CMB launched the innovative “Project Guarantees (工程保)”

The “Project Guarantees” can provide overseas project contracting enterprises which participate in the Belt and Road Initiative with buyout factoring service for accounts receivable without recourse. This helps those enterprises who are “going global” to receive payment in advance. By the end of 2021, we had provided financing services for 31 clients in construction, energy power generation, equipment manufacturing, transportation and other industries through “Project Guarantees”, and helped them overcome the difficulties in eliminating overseas accounts receivable from financial statements and getting credit support, etc.

[Case] Kunming Branch launched “one hundred types of currencies per account” to facilitate cross-border finance

Kunming Branch explored an innovative mode of using “one hundred types of currencies per account” for international settlement of import and export letters of credit in a less frequently-used currency. Under this mode, onshore corporate clients can handle special international settlement business in non-listed currencies through their CMB accounts in USD, Euro and RMB. The mode supports the settlement of more than 100 types of currencies. Through the “one hundred types of currencies per account” business, enterprises only need to tell the bank the type and amount of money in a less frequently-used currency. The bank can convert it through US dollars or euros in the internal system to handle letters of credit in a less frequently-used currency, import and export trade settlement for enterprises, and meet the international settlement needs of enterprises with a wide range of collection and payment currencies.

By the end of 2021, the total capital scale of the branch’s “one hundred types of currencies per account” business had reached US\$4.5 million. The “one hundred types of currencies per account” model had won the “Top 10 Cases” of institutional innovation in China (Yunnan) Pilot Free Trade Area in Kunming City in 2021.

[Case] Qingdao Branch launched online foreign exchange collection and settlement projects on market procurement and trade platform

In recent years, stabilizing foreign trade and foreign investment has become one of China's important policy orientations. In September 2020, after the Jimo International Commercial City in Qingdao, Shandong Province was approved to be a pilot of market procurement trade, Qingdao Branch quickly followed up and sorted out its procedures, and conducted customer demand research. In 2021, the branch officially launched the online foreign exchange collection and settlement projects on market procurement trade platform, and helped customers realize "online operation of all processes", including submitting the application for foreign exchange collection, foreign exchange settlement, etc.

By the end of 2021, the branch had completed a total of 640 online foreign exchange collection and settlement projects on the market procurement and trade platform, with a cumulative amount of more than RMB 320 million.

[Case] Haikou Branch successfully completed the first batch of market-oriented Qualified Foreign Limited Partner (QFLP) funds for the Hainan Free Trade Port

After the promulgation of the *Interim Measures of Hainan Province to Carry out Overseas Equity Investment of Qualified Domestic Limited Partner (QDLP)* (hereinafter referred to as the *Measures*), Haikou Branch cooperated with Hainan Provincial Bureau of International Economic Development, Hainan Local Financial Supervision and Administration Bureau, Hainan Branch of the State Administration of Foreign Exchange and other institutions to create a full life-cycle service scheme for QFLP in Hainan Province. With the effective coordination of Haikou Branch and the Head Office, we issued the first two market-oriented QFLP funds successfully. The funds became the first batch of QFLP funds for venture capital investment after the release of the *Measures*, providing strong support for the construction of Hainan Free Trade Port.

III. Practicing Inclusive Finance

Introduction

Tolerance and inclusiveness are not only essential requirements for financial governance, but also important connotations of financial sustainability. China has been actively promoting supply-side financial reform and providing more convenient and efficient financial services for special customer groups, small and medium-sized enterprises and self-employed individuals. CMB has always taken inclusive finance as a top priority of financial services and a great development opportunity. Fully leveraging our fintech strength, we actively promoted the deep integration of digital technology and inclusive finance, made use of modern information technology tools such as Internet, cloud computing, big data and artificial intelligence to make our financial services accessible to customers in all walks of life, and constantly promoted the development of inclusive financial services.

SDGs	Our Actions
 	<ul style="list-style-type: none"> • We constantly optimized the distribution of business outlets to ensure that the financial services of physical outlets are accessible to more customer groups. In the meanwhile, we built online business service capability matrix, and improved the efficiency and coverage of financial services with advanced digital technology to address the difficult last-mile delivery problem of inclusive finance. • We actively promoted the elderly-oriented reform of online and offline financial service channels and the transformation into accessible facilities, and helped special customer groups overcome the digital divide. • We earnestly implemented national policies and regulatory requirements, and improved mechanism and system to promote the development of small and micro-sized enterprises. • We introduced the innovative model featuring “provision of services to one enterprise and its industrial chain through national layout (全国服务一家)”, “online services”, “Invoice Cloud” and other innovative models to provide innovative services, strengthened the output of digital financial service capabilities and improved the efficiency of supply chain financial services.

	Our Achievements
	<ul style="list-style-type: none">• The CMB App (special version for elderly customers) had provided services for more than 120,000 customers. The CMB App (caring version with large font size) had been used by 160,000 customers.• A total of 1,913 business outlets of CMB had supported barrier-free services.• The number of small and medium-sized enterprises accounted for 88% of total corporate customers (according to the calculation base of general corporate loans)• The balance of inclusive finance loans made to small and micro-sized enterprises amounted to RMB 601.1 billion, with an increase of RMB 92.639 billion from the beginning of 2021, up 18.22%, which is higher than the overall growth rate of the Company's loans.• The CMB Zhao Dai (招貸) APP had a total of over 2 million registered users. The amount of loans granted to small and micro-sized enterprises through the CMB Zhao Dai App reached RMB 164.741 billion.• Our supply chain financing business volume reached RMB 330.886 billion, up 43.73% YoY; the supply chain financing of N-end reached RMB 612.008 billion, up 49.75% YoY.

3.1 Making Services Accessible to More Customers

CMB has constantly optimized the distribution of business outlets to ensure that the financial services of physical outlets are accessible to more customer groups. CMB also adopted fintech as a powerful driving force, and quickly seized the development opportunities brought by increasing online consumer behaviors and China's large netizen population, to make financial services accessible to more customers through barrier-free online channels. As a result, customers can get low-cost and affordable financial services anytime, anywhere, virtually without time and space restrictions.

3.1.1 Optimizing the Distribution of Business Outlets

We steadily pushed ahead with the development of our branch network, and maintained the layout strategy of “scientific site selection and steadily increasing the number of branches”. In 2021, we opened 67 new branch institutions, including 59 same-city sub-branches, 6 community sub-branches, and 1 small-sized sub-branch. Meanwhile, according to the site selection methodology, we relocated and optimized over 120 existing business outlets, expanded the coverage of existing business outlets, and provided customers with more efficient financial services.

As of the end of 2021, we were operating 143 branches, 1,770 sub-branches, 1 branch-level specialized entity (credit card center), 1 representative office, 2,812 self-service banks, 6,592 self-service equipment (such as ATMs), and 14,746 visual counter terminals in over 130 cities in China. In addition, CMB has the Hong Kong Branch, and opened the New York Branch in the US. We also established the Singaporean Branch and set up branches in Luxembourg, London in the UK, Sydney in Australia, and a representative office in Taipei.

[Case] Visual counter reduced the cost of financial services

Since 2014, retail banks have established a three-dimensional customer service system with business outlets as the core and self-service channels (such as self-service banking, online banking, telephone banking and mobile banking) as supplements. To facilitate the handling of complex businesses via electronic channels, we independently developed the visual counter channel and services, integrated counter service and self-service channels via video connection, and realized the “full-featured, around-the-clock, intelligent and face-to-face” unmanned network service mode.

The visual counter terminals are equipped with a complete set of functional modules and devices, such as ID card recognizer, camera, card reader and encrypted keyboard. With the help of advanced network video technology, customers can have “face-to-

face” communication with remote tellers in the backstage through the visual counter, finish various complex non-cash operations that are required to be handled with the presence of customers at the outlet, such as bank card application, and conduct product consultation and cross-selling. In 2021, the visual counter evolved into the Company’s largest non-cash business channel. There are various visual counter terminals, such as visual counter mainframe, portable visual counter, financial version of visual counter, smart card library and real-time card printing equipment.

By the end of 2021, we had deployed 14,746 visual counter terminals, and completed 314.4367 million transactions through visual counter channels. The ratio of visual counter transactions reached 92.86%, and 94.54% of account opening business was completed via visual counter channel. In addition, the single transaction cost of visual counter channel is only 6.87% of that of traditional counter channel.

3.1.2 Developing Digital Finance

Relying on our strong big data, artificial intelligence and cloud computing technological capabilities, we have built the CMB online business service capability matrix to provide online multi-channel services for all customers (including those customers who live in areas that were not covered by physical outlets). We improved the efficiency and coverage of financial services with advanced digital technology, and addressed the difficult last-mile delivery problem of inclusive finance. By vigorously developing fintech, continuously improving online business capabilities and reshaping customer experience, we provided affordable and accessible financial services for more customers, greatly reduced customers’ demand for physical outlets and offline manual service, and allowed them to enjoy attentive services continuously outside business outlets.

CMB Online Business Service Capability Matrix

- We migrated various services to CMB App, WeChat and other online channels to support users in handling various operations from home.
- Adhering to the strategy of providing business services for customer groups on various bank-wide business platforms, we provided online services via various means, such as online live broadcasting and “AI Xiao Zhao (AI 小招)”,
- We encouraged branches to provide distinctive localized services online, such as specialized areas of branches, and online stores of business outlets.
- We strengthened the support from the 95555 manual service, and provided intelligent customer service which is available online on a 24/7 basis.
- An open platform was created to link with third-party wealth institutions, in order to provide online wealth management, companionship and other services.

In addition, we can help customers open class I and class II in-person debit card accounts, as well as class II and class III accounts online. The class I and class II in-person accounts can be opened at any outlet of CMB, and customers can select one account for permanent deduction or exemption of account management fees. The class II and III accounts can be opened without an in-person appearance and used directly through online channels such as CMB App, without paying any account management fee. By doing this, we met the banking needs of customers in areas not covered by our physical outlets.

In terms of reducing the cost of financial services, the domestic business outlets of CMB greatly reduced the complexity and time spent on handling customers' business by means of advance reservation and self-service handling. The CMB App allows customers to make reservations online and fill in the form before opening a bank account. After arriving at the outlet, they can quickly go through the business procedure through VTM (remote video teller machine), ATM (automated teller machine), receipt printing terminal, smart card library machine and other equipment, thereby greatly improving the handling efficiency. We also arrange expert staff to provide assistance on the site when customers encounter any difficulty in operation or need consultation service. In this way, we lowered the threshold of services and provided services for more customers.

3.1.3 Caring for the Special Customer Groups

CMB has actively promoted the elderly-oriented reform of online and offline financial service channels and the transformation into accessible facilities, and helped special customer groups, including the elderly and the disabled, overcome the digital divide, in order to ensure that all people can equally and effectively enjoy high-quality financial services and benefit from the development of digital technology in the new era.

Elderly-oriented reform

Attentive financial services will make the life of elderly customers much easier. In view of the financial needs and basic needs of elderly people, we vigorously promoted the elderly-oriented reform of services, and helped elderly customers integrate into smart life.

95555 “Yixiang Special Hotline” for elderly customers	<ul style="list-style-type: none"> We strengthened the 95555 customer identification capability, established an exclusive service team and quick access to provide one-stop exclusive manual service for elderly customers. In November 2021, we launched 95555 “Yixiang Special Hotline” for elderly customers. By the end of 2021, it had provided 6,420 elderly customers with quick access to one-stop exclusive manual services, with a connection rate of 96.63%.
CMB App (special version for elderly customers)	<ul style="list-style-type: none"> The CMB App (special version for elderly customers) offers five major functions, and allows customers to enlarge and adjust the font size to facilitate reading and use. The “User Instructions of Special Version for Elderly Customers” was released to introduce the CMB App (special version for elderly customers) and solve the common problems that elderly customers frequently encountered when using the special version of CMB App. It can facilitate an elderly customer’s inquiry of assets, money transfer, wealth management, payment of living expenses, etc. By the end of 2021, the CMB App (special version for elderly customers) had provided services for more than 120,000 customers.
CMB App (caring version with large font size)	<ul style="list-style-type: none"> We created the CMB App (caring version with large font size), and launched a special caring card zone for elderly customers. This elderly-oriented app has simple functions and is easy to operate. By the end of 2021, it had been used by 160,000 customers.
Elderly-oriented credit card service transformation	<ul style="list-style-type: none"> Through the customer group label, we accurately identified elderly customers over 65 years old on the main credit card service channels such as the 400 service hotline and Assistant Xiao Zhao (小招助理) on the CMB Life App, and recommended customized self-service content for them according to the common needs of this customer group. We launched a series of service videos and user manuals in large font size on CMB Life App and other platforms, thoroughly introduced credit card related knowledge and helped elderly customers reduce the barriers when using credit cards.

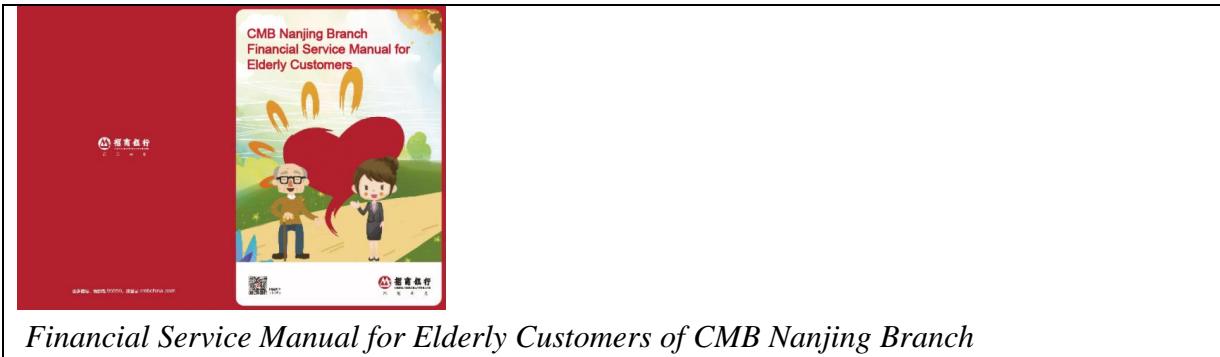
[Case] Hangzhou Branch prepared special contact cards for elderly customers

Chengxi Sub-branch of Hangzhou Branch prepared metal key chains and binder-style contact cards for elderly customers, which are easy to carry along with them. In terms of contents of the card, the branch combined with the needs of elderly customers, and designed the columns of “My Tiny Label”, “Today’s Recommendations”, “Financial Memo” and “Activity Pass Card”, and indicated the outlet information, service hotline, traffic route and relevant information on the back of the card.

[Case] Nanjing Branch upgraded services from the smallest details and provided sincere care for elderly customers

The Nanjing Branch attached great importance to the “elderly-oriented services”, and helped elderly customers enjoy the convenience and benefits brought by digital and intelligent technologies.

- **Upgrading services at outlets and periphery services for elderly customers.** The branch was equipped with special seats with backrests, reading glasses, magnifying glasses, first-aid kits, wheelchairs and other convenient facilities for elderly customers, as well as electronic equipment assistants. In the meanwhile, the branch established an outlet-based “elderly service volunteer team” to provide the financial services needed by elderly customers; and cooperated with surrounding communities and nursing homes, which are less than one kilometer away from the outlets, to “deliver warm services” to elderly customers. The branch also provided “whole process accompanying services” for elderly customers who visited their outlets. In addition to oral notification, they also provided memorandum and outlet contact information to facilitate their business handling.
- **Compiling and distributing financial service manuals to elderly customers.** In view of the financial service-related questions proposed by elderly customers, such as “I don’t know how to use mobile banking”, “I want to buy financial products for wealth management, but I still worry about the risks”, the branch compiled and distributed the *Financial Service Manual for Elderly Customers of CMB Nanjing Branch*, which adopted suitable typesetting and font size for elderly people, and provided general financial services for the elderly from the four modules: rights and interests protection, financial products, financial security and financial services.



Transformation into Accessible Facilities

We spared no efforts to create barrier-free and friendly financial services to help underprivileged groups get equal opportunities to enjoy the convenience and benefits brought by the Internet era.

Accessible facilities	<ul style="list-style-type: none"> • We provided convenient services for the disabled by setting disabled ramps, accessible paths and telephone signs, one-touch calling, wheelchairs for the disabled and other measures. • By the end of 2021, all 1,913 business outlets of CMB had supported barrier-free services.
Sign language service	<ul style="list-style-type: none"> • Sign language service was launched at the visual counter to provide business consultation and services for deaf/ mute customers. By the end of 2021, we had provided sign language services for 160 customers.

[Case] Promoting barrier-free access to mobile banking

We spared no effort in promoting barrier-free access to mobile banking, in order to help the disabled groups to overcome the difficulties when using CMB App.

- **Visually impaired groups:** Leveraging the full-scenario barrier-free adaptation on the App, we promoted the excellent compatibility between the App and screen reading software to solve the problems of unreadable button labels, text and picture information on various screens.
- **Customers with hearing and physical disabilities:** “My Customer Service” function allows users with hearing disabilities to get relevant help through text communication. The Siri shortcuts (smart voice assistant designed for iPhone) enable iPhone users to get quick access to the functions of CMB App through Siri voice, providing convenience for users with physical disabilities.

In addition, all branches actively provided various considerate services according to the local situation. For example, Xiamen Branch set up blind tracks at the gate of outlets, arranged Braille keyboards at each counter, and prepared Braille service manuals, vibrating pagers, handwritten tablets, etc. The branch also regularly carried out special customer service training for service staff at outlets. Haikou Branch arranged maternal and infant care products in the private customer waiting area at each outlet, and prepared breast-feeding towels, baby wipes, baby toys, books, blankets and other items. This was greatly appreciated and won high praise from customers.

3.2 Facilitating the Development of Small and Micro-sized Enterprises

While continuously increasing resource investment and improving the inclusive financial service system, CMB promoted product and service innovation and provided more financing support and financial services for the production and business operation of small and micro-sized enterprises.

By the end of 2021, the number of small and medium-sized enterprises accounted for 88% of total corporate customers (according to the calculation base of general corporate loans); the balance of inclusive finance loans made to small and micro-sized enterprises amounted to RMB 601.1 billion, with an increase of RMB 92.639 billion in the year, up 18.22% from the beginning of 2021, which is higher than the overall growth rate of CMB's loans. The number of small and micro-sized enterprises with balance of inclusive loans increased by 443,800 and reached 913,300 in 2021, up 94.51% from the beginning of the year. In the meanwhile, CMB issued loans and special financial bonds totaling RMB 40 billion for small and micro-sized enterprises, and used ledgers to monitor the use of raised funds. CMB provided 62 loans for the M&A financing of private enterprises, with a total financing amount of more than RMB 48 million.

3.2.1 Increasing Resource Investment

CMB actively implemented national policies and regulatory requirements, shouldered social responsibilities, and improved mechanism and system to promote the development of small and micro-sized enterprises.

- **Favorable resource allocation:** We developed an inclusive credit loan special plan for small and micro-sized enterprises, decomposed the tasks to primary branches, and ensured that the tasks are completed at all levels. In the meanwhile, we provided inclusive loan assessment profit subsidies to stimulate the development of branches.

- **Assessment incentive:** CMB specified that the inclusive finance business indicator weight in the comprehensive performance assessment program for branches should exceed 10%; and set special marketing incentive bonus to stimulate branches to increase the supply of inclusive finance loans.
- **Duty exemption:** Since 2019, CMB has launched the *Detailed Implementation Rules for Accountability and Duty Exemption System for Employees Providing Small Business Loan Services, Notice on Tolerating Non-performing Loans to Private-Sector Enterprises and Non-performing Inclusive Finance Loans to Small and Micro-sized Businesses, CMB Notice on Issuing the Detailed Implementation Rules on Duty Exemption for Granting Credit Lines to Retail Credit Small and Micro-sized Enterprises*, etc. In accordance with applicable regulatory requirements, we tolerated certain types of non-performing loans to some degree, and implemented duty exemption.
- **Provisional loan and interest deferral arrangements:** When an enterprise's business was temporarily impacted by the pandemic, CMB conducted an in-depth consultation with the enterprise, and made various provisional loan and interest deferral arrangements in the principle of market-oriented operation.
- **Reducing financing costs:** Fees arising from corporate financing are required to be borne or shared as per applicable regulatory requirements. We strictly banned capital management fees, financial advisory fees or other similar fees on loans provided to small and micro-sized enterprises. We also forbade any irregularity that increased loan costs for small and micro-sized enterprises.
- **Reducing payment fees:** We actively extended preferential policies such as reducing payment fees to all corporate customers. From September 30 to December 31, 2021, the amount of paid service charges declined by RMB 329.1464 million, benefiting 630,643 small and micro-sized enterprises, 124,991 self-employed individuals and 1,564,920 other market players.

3.2.2 Convenient Online Channels

In August 2021, CMB launched the “Digital Financial Butler” and “Digital Business Assistant”, and leveraged “Financial Service Cloud” and “Enterprise Service Cloud” to create seven online service platforms and customer service systems, including corporate online banking, CMB Corporate App, Mini-program, CMB official account, enterprise service portal, cloud direct linkage and CBS. In this way, CMB provided a wide range of financial and non-financial services to more enterprises in a faster and more convenient manner.

“Digital Financial Butler”	<ul style="list-style-type: none"> • The “Shared-screen Interaction” function enables customers to call their account manager with just one click when handling business online, share the page in real time and accurately locate the problem accurately.
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	<ul style="list-style-type: none"> • 24/7 cloud response, accurate push notifications and tailored services based on enterprise type, user preferences and interaction scenarios. • We integrated the exclusive rights and interests of high-end individual customers, and provided one-stop financial services for both corporate customers and individual customers.
“Digital Business Assistant”	<ul style="list-style-type: none"> • Nearly 30,000 enterprises used the “Invoice Cloud” service to realize the digital collaboration of supply chain, and management of more than 10 million invoices. • The “Sales Cloud” service connects the whole sales process of orders, collection, logistics and financing, and uses digital intelligence to accelerate performance growth. • The “Business Circles” service makes business easier by using online business resources such as business cards, business opportunity sourcing and online contract signing.

In view of the differentiated needs of small and micro-sized enterprises, we spared no efforts to build a digital service system for small enterprises.

Needs of small and micro-sized enterprises	Products and services provided by CMB
Digital management	CMB provided one-stop digital services such as payroll service, personnel service, financial service and office coordination services through the “Xin Fu Tong (薪福通)” on the CMB App.
Withholding and agent payment service	CMB provided services for withholding taxes, electricity charges and other fees through the small business zone on the All-in-One Net, CMB App, enterprise online banking and other channels.
Short-term financing	CMB provided online discounting, self-service loan and other services through corporate online banking.
Daily account management	CMB provided online account inquiry, transfer and other functions through corporate online banking and the CMB App.
Payroll services	CMB provided payroll services through mobile banking on the CMB App.

[Case] CMB Loan App helped solve the last-mile problem of inclusive finance

“I don’t know where to get the loan or whether the loan can be approved, and where are we in the approval procedure now?” … Many small and micro business owners have asked these questions and encountered these problems in the financing journey. To help more small and micro-sized enterprises get professional financial services in a low-cost and affordable manner, we launched the CMB Zhao Dai App in 2019, and presented “mortgage loans for small and micro-sized enterprises”, “online instant loan for small and micro-sized enterprises”, “dual entity loan for small and micro-sized enterprises”. In addition, the account managers officially certified by CMB provided one-on-one exclusive online consulting services for small and micro-sized enterprises. The CMB Zhao Dai App also supports online reservation for copies of property right certificates and house purchase contracts, repayment and settlement certificates, as well as characteristic comprehensive financial services such as real estate online valuation and loan calculating.

CMB Zhao Dai App provides one-stop loan experience

- Borrowing: Through one-click application, the credit line of online loans can be determined as little as 30 seconds, and the pre-approval results can be obtained in as little as one minute.
- Pre-approval: Small and micro mortgage loans feature online pre-approval, easy turnover, easy borrowing and easy repayment online anytime.
- Repayment: It supports timely repayment, emergency repayments on the same day, and scheduled prepayments.
- Inquiry: The progress of a loan application is under control all the time, and the repayment plan is clear at a glance, so customers can conveniently know their loan status.

In 2021, CMB Zhao Dai App also upgraded the functions of post-loan service center, and online business processes such as online electronic application form, online withdrawal application and online signing, thereby further optimizing the customer experience. By the end of 2021, the CMB Zhao Dai APP had a total of over 2 million registered users. Nearly 2,000 exclusive account managers responded online to provide loan services to over 600,000 small and micro-sized enterprises. The amount of loans granted to small and micro-sized enterprises through the CMB Zhao Dai App reached RMB 164.741 billion.

[Case] CMB took multiple measures to facilitate the account opening for small and micro-sized enterprises

Adhering to the original purpose of “facilitating people’s payment and account opening”, CMB took “open service, strict management and good service” as the service criteria, and provided simple and fast account opening services for small and micro-sized enterprises.

- **Online account opening appointment:** When conducting industrial and commercial registration, tax registration or customs filing on public service platforms, customers can apply for pre-opening a bank account online simultaneously, and use the bank account for contract signing or registration.
- **Electronic business license:** We vigorously promoted the application of electronic business license. When making an appointment to open a bank account, corporate customers can automatically fill in the account opening appointment form by authorizing the use of their electronic business license or uploading a picture of the electronic business license. After logging in with the mobile phone number, only two items of information need to be entered. It only takes about 3 minutes to make an account opening appointment. In the whole account opening process, customers only need to go to the outlet once after getting the bank’s approval, and submit a set of document materials to quickly open an account and open basic settlement services via online banking, CMB Corporate App and corporate bank card.
- **Fast and simple account opening service:** A corporate customer only needs to submit the business license, valid ID card of legal representative and other supporting documents before opening an account. After the enterprise’s business activities are on track, we will supplement and verify the actual operation of the corporate customer according to the ordinary corporate account opening procedure, upgrade the account into a normal account, increase the online payment limit, and open the corporate card and other functions as required.

By the end of 2021, more than 1,000 outlets offered fast and simple account opening services, and opened more than 2,000 simple accounts in total. On average, it only took 1.65 days to complete account opening appointment and account activation. 72.58% of customers successfully opened accounts within one day, while 93.55% of customers successfully opened accounts within three days.

While ensuring the normal use of accounts, we strengthened the prevention and control of account risks through classified management of accounts and digital risk control management. In 2021, the number of corporate accounts which involve high telecom fraud risks decreased by 77.75% compared with the same period of 2020.

[Case] CMB presented digital solutions designed for fiscal and tax scenarios to accelerate the transformation of small and medium-sized enterprises

We officially launched electronic invoice services and became the first bank to provide customers with free services covering the whole life cycle of invoices, such as invoicing, inspection, reimbursement and financing. By the end of 2021, a total of 105,600 customers used our “Invoice Cloud” invoice management service.

- **Self-operated invoicing services:** We provided CMB corporate customers with self-service invoicing application, bill collection and management services, and other services, issued a total of over 1.4249 million electronic invoices, thus effectively helping enterprises reduce operational and tax management costs.
- **Invoice collection and inspection:** We achieved full coverage of invoice collection and inspection scenarios of intra-bank financing business, and upgraded more than 80% of business service efficiency from minute level to second level.

In addition, we promoted the application of electronic contracts, encouraged customers to sign contracts, handle business and open services through online service channels such as corporate online banking and CMB Corporate App. This greatly reduced the dependence on physical outlets and offline manual service, and provided better financial services for small and medium-sized enterprises.

[Case] Wuhan Branch: Han Rong Tong platform and Chutian QR code helped small and micro-sized enterprises obtain financing by scanning QR codes

To accelerate the resumption of work and production in Wuhan City after COVID-19 was brought under control, the CMB Wuhan Branch cooperated with the Wuhan Local Financial Work Bureau to build the “Han Rong Tong” platform, and cooperated with the PBC Wuhan Branch on the “Chu Tian Code” platform. Using the intelligent risk model, customers can get real-time access to CMB for the application of financing through the “Han Rong Tong” platform.

- CMB actively promoted the landing of loans, checked repayment records with the government and helped enterprises obtain interest subsidies.
- The “Chu Tian Code” platform takes “QR code” as the online financing entrance, and enables customers to push financing demand, communicate with bank for business acceptance, provide feedback on business handling result, and help market players such as small and micro-sized enterprises and self-employed businessmen to “obtain financing by scanning QR code”.

By the end of 2021, the branch had received 21,570 applications for financing from small and micro-sized enterprises and self-employed businessmen through the system, and successfully granted 15,108 loans totaling RMB 12.564billion.

3.2.3 Innovative Service Modes

Supply chain finance provides settlement, financing, online services and other comprehensive financial services for one core enterprise and the micro, small and medium-sized enterprises (SMEs) in the upstream and downstream sectors of the supply chain, focusing on the real trade settlement scenario between the core enterprise and suppliers. In order to effectively improve the quality and effect of financial services in serving the real economy, CMB focused on the financing needs of core enterprises in its supply chain, and the difficulties encountered by SMEs along the industry chain, and launched a series of “CMB Yi Rong Tong (招银易融通)” services, which focus on the real trade settlement scenarios in the upstream and downstream sectors of the industrial chain, to provide accurate financial support. We constantly optimized the resource organization model featuring “provision of services to one enterprise and its industrial chain through national layout (全国服务一家)”, and mobilized the resources of our business outlets all over the country to jointly serve enterprises. In the meanwhile, we actively leveraged our fintech innovation achievements, applied “invoice cloud” and “contract management” in customer service process to facilitate business, and improved the efficiency of supply chain financial services.

Domestic letter of credit is one of the key products of “Yi Rong Tong (易融通)” series. Featuring clear rights and responsibilities, trade credit enhancement and the functions of settlement and financing, it plays an important role in supply chain finance. In March 2021, we pioneered the “Instant Negotiation and Financing (闪电议付)” function to realize online automatic negotiation and financing. The business processing time was greatly reduced from 2 days to 15 minutes. As one of the first pilot banks that launched the “PBC e-Forfaiting system” of the People’s Bank of China, we realized the online whole-process operation of secondary Forfaiting business.

By the end of 2021, the balance of our supply chain financing business reached RMB 330.886 billion, up 43.73% YoY; there were 31,500 financing customers at the N-end of our supply chain, up 58.39% YoY; the supply chain financing of N-end reached RMB 612.008 billion, up 49.75% YoY.

<ul style="list-style-type: none"> • Creating a new model of industry vertical supply chain 	<ul style="list-style-type: none"> • “Zhang Quan Chi (账权池)” for the automotive industry: CMB provided financing services without confirmed real rights for customers in the automotive industry supply chain, realized scenario-based digital interaction, online operation process and intelligent risk control; conducted cross validation according to the real transaction data flow and payment collection capital flow of the industrial chain, and offered tailor-made supply chain solutions.
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	<ul style="list-style-type: none"> “Shang Chao Dai(商超贷)” for the new retail industry: We provided data financing services for customers in the industrial chain of the new retail industry, which can be implemented on the day of account opening; launched the first automatic approval procedure for exposure business, successfully separated operational risk from credit risk liability, and established an industry risk control model.
Providing online products for institutional scenarios	<ul style="list-style-type: none"> Medical insurance scenario: We developed medical insurance loans, provided comprehensive service programs for designated medical institutions and designated retail pharmacies, and listed small and micro-sized private medical institutions, small and medium-sized chain pharmacies and stable individual stores as key borrowers. Government procurement and export tax rebate scenario: With “loans for government procurement” and “fast tax rebate loans” as the core, CMB communicated with the Credit Reference Center of the People’s Bank of China, Government Procurement Information, government procurement cloud and other government procurement ecological parties and core customers to explore establishing various industrial chain solutions.

We constantly optimized our online risk control platform. Based on the background of core enterprises in the supply chain, we connected with the supply chain system of core enterprises, developed industrial Internet access and risk control models, and realized the online application, online review and approval and online loan granting. We also provided online risk assessment capability for industrial Internet business, and constantly enriched the lineup of online credit business products.

[Case] CMB joined with yzw.cn to launch “Zhao Zhu Loan (招筑贷)”, creating a new model of “Finance + Construction + Technology”

On December 7, 2021, CMB launched “Zhao Zhu Loan” in Jinan City, Shandong Province. Jointly created by CMB and yzw.cn, “Zhao Zhu Loan” is a new digital supply chain financing product for the construction field. Relying on strong fintech and data risk control models, CMB made detailed portraits of suppliers, and launched the product that can provide unsecured, purely online, intelligent and borrow-and-repay services at any time financial services for construction enterprises and suppliers. This has opened up exploration of the new era of “people + digital services” in the construction industry.



CMB and yzw.cn signed a strategic cooperation contract and released the “Zhao Zhu Loan”

IV. Promoting the Development of Green Finance

Introduction

To achieve carbon emissions peak by 2030 and carbon neutrality by 2060 (“30·60” decarbonization strategy), China needs to systematically carry out extensive and profound economic and social reform. With a wide range of direct and indirect investment and financing methods, banking financial institutions play an important role in the process of pursuing China’s goal of carbon neutrality. CMB has spared no effort to tackle the challenges posed by climate change, seized the opportunities brought by climate change, and thoroughly implemented the environmental, social, and governance (ESG) concept in investment and financing activities. CMB also constantly promoted the green transformation of investment and financing structure, accelerated the innovation of product and service system, and cooperated with stakeholders to jointly build a community of life for humans and nature.

SDGs	Our Actions
<p>The table contains seven vertical columns, each representing a UN Sustainable Development Goal (SDG). From top to bottom, the SDGs are: 6 (Clean Water and Sanitation, icon of a water drop), 7 (Affordable and Clean Energy, icon of a sun with a plug), 11 (Sustainable Cities and Communities, icon of a city skyline), 12 (Responsible Consumption and Production, icon of a recycling symbol), 13 (Climate Action, icon of a globe with a magnifying glass), 14 (Life Below Water, icon of a fish), and 15 (Life on Land, icon of a tree). Each column is represented by a small image of its respective SDG icon.</p>	<ul style="list-style-type: none"> We added green finance responsibilities to the Strategy Committee of the Board of Directors, clarified the strategic objectives and strategic measures of green finance, and established the Head Office Cross-departmental Collaborative Working Group on Green Finance. We actively explored and incorporated climate risk management into the comprehensive risk management framework, established and continuously improved the climate risk management system, and built a climate change risk and opportunity assessment framework. We carried out green finance-related research, internal training and publicity activities, external exchanges and cooperation, and constantly promoted the healthy development of green finance through internal audit. We upgraded the green financial products and service system in an all-round way, and created a green financial service model with distinctive CMB characteristics.
	<h3>Our Achievements</h3> <ul style="list-style-type: none"> The balance of green loans reached RMB 263.842 billion, with an increase of RMB 55.254 billion YoY, up 26.49% YoY. In 2021, we granted RMB 6.974 billion of carbon emission reduction loans to 70 projects, reducing 1.2152 million tons of CO₂ equivalent. We issued two types of USD bonds under the <i>CMB Green, Social and Sustainability Bond Framework</i>, acted as lead underwriter to issue 38 kinds of green bonds, with a total issuance scale of RMB 61.372 billion.

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| | <ul style="list-style-type: none">• We completed 25 equity investments in green and low-carbon projects, totaling RMB 10.467 billion.• In 2021, we sold about RMB 17.8 billion of equity funds on an agency basis for companies in new energy and photovoltaic industries.• China Merchants Fund held five ESG related products, with a scale of RMB 1.462 billion, and a growth rate of 129%.• CMB Shanghai Data Center was rated as “National Green Data Center in 2021” |
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4.1 Actively Tackling Climate Changes

CMB put a high premium on issues about climate change, and tried to incorporate climate change management into each process of business operation and management. In 2021, CMB actively tackled climate change by improving the green finance management structure, gradually carried out climate risk assessment and management work in an all-around way, and increased its support for green finance and climate financing enterprises and projects while ensuring controllable risk and sustainable business.

4.1.1 Climate Governance Framework

In August 2021, CMB added the following green finance responsibilities to the Strategy Committee of the Board of Directors: determining the Company's green finance development strategy and plan, deliberating on green finance objectives and the green finance report, supervising and evaluating the implementation of green finance development strategies, and other related issues. In December 2021, the meeting of Strategy Committee under the board of directors was held, and the "Strategy Committee under the Board of Directors" was renamed as the "Strategy and Sustainability Committee under the Board of Directors", which is responsible for coordinating the implementation of inclusive finance, green finance, human capital, public welfare and charity, social responsibility and other ESG related responsibilities and basic management system, reviewing ESG related work reports and regularly evaluating the implementation results of ESG development strategy and other related responsibilities (the issues mentioned above were deliberated and approved at the board meeting in January 2022, and will come into force after the revision of the Articles of Association).

Under the leadership of the Board of Directors and senior management, we established the Head Office Cross-departmental Collaborative Working Group on Green Finance, which is composed of the CMB's Financial Headquarters, Risk Management Department, Office, Asset Liability Management Department, Credit Execution Department, Research Institute and Strategic Customer Department, etc. Each department performed its own duties to ensure the smooth progress of green finance related work, and formulated clear green finance strategic objectives and strategic initiatives. We issued the first environmental information disclosure report in 2021, becoming the first corporate bank in Shenzhen to disclose environmental information report after the *Green Finance Regulations of Shenzhen Special Economic Zone* came into force.

CMB's Green Finance Strategic Objectives

- **Short term:** To ensure that the YoY growth rate of green project loans is higher than the overall growth rate of corporate loans, and make good use of carbon emission reduction instruments to provide financing for more projects with significant carbon emission reduction effect in key areas.
- **Medium and long term:** Focusing on the national “30·60” decarbonization strategy, CMB will adjust its customer structure, increase the proportion of green financial assets, improve the green financial service system and credit policies, create innovative green products, promote business development, and realize the green transformation of the bank’s investment and financing structure.
- **Five-year planning period:** To be selected into the list of tier-1 benchmarking banks by the People’s Bank of China in the green finance assessment.

Green Finance Strategic Measures Taken by CMB

- Accelerating the construction of “30·60” decarbonization business system strategy. CMB formulated the *CMB “30·60” Decarbonization Working Mechanism and Action Plan* and carried out work.
- Building three service ecologies plus four service paths for green finance. CMB established an inter-departmental linkage group; focused on the integrated financial service program that covers three ecological scenarios, which are enterprise investment and financing, transaction settlement and carbon quota trading market; and released the *Guidelines for Comprehensive Services for Green Finance* and supplementary investment and financing product manuals. Under the guidance of big wealth management strategy, we encouraged branches to leverage the advantages of our integrated service system of investment banking and commercial banking, and flexibly used FPA non-traditional financing methods to provide “investment and financing + consulting services” for listed companies, companies to be listed and new energy enterprises, in order to help them achieve capacity expansion, industrial integration, production expansion, restructuring and M&A.
- Improving supporting credit policies, strengthening policy guidance and helping adjust the asset structure. Based on industry research, we formulated and improved a series of credit policies that comply with the green development concept. In addition, while ensuring the overall stability of policy and strategy orientation, we prospectively adjusted the industry classification and access standards of credit policies, and allocated more credit resources to industries and enterprises with low energy consumption, low resource consumption, low pollution and low emissions.
- Combining with enterprises' pain points and needs, we actively explore diversified risk mitigation methods, and pursue innovation in energy credit loan offerings, such as emission quotas mortgage financing and carbon sequestration mortgage financing.

In terms of performance assessment, in 2021, we established the green finance performance assessment system, and set the green credit index in the performance assessment system of relevant departments in the Head Office and branches. Combining the requirements of the People's Bank of China, CBIRC and other regulatory authorities, we set the annual target of ensuring that the growth rate of green credit loans is not lower than that of corporate loans. This stimulated branches to actively expand green finance business, incorporate green concept into business practice and ensure the smooth fulfillment of annual objectives.

4.1.2 Climate Risk Assessment

CMB actively explored how to incorporate climate change risk management into the comprehensive risk management framework, established and continuously improved the climate risk management system, and built a climate change risk and opportunity assessment framework.

CMB Climate Change Risk and Opportunity “Identification - Assessment – Response” Framework

- **Identification:** Based on the climate change questionnaires of Task Force on Climate-related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP), we identify the types of risks and opportunities faced by CMB from three categories: transformation risk, entity risk and opportunity. We cooperate with third-party professional institutions, define and describe the risks and opportunities brought by climate change to CMB in accordance with national laws, regulations, policy requirements, sustainable development trends at home and abroad, as well as our actual situation.
- **Assessment:** For the identified risks and opportunities, we identify the primary climate-related factors that cause the risk or opportunity item-by-item, and identify the potential major financial impact, impact duration and degree of impact.
- **Response:** Combining the identification and evaluation results, we formulate corresponding response measures to ensure that CMB has sufficient capacity and resources to deal with climate change risks, and seize climate change opportunities to form a closed-loop management mechanism for climate change risks.

The Climate Change Risks and Opportunities Faced by CMB

* Period
• Short term: 1 year
• Medium term: 1-3 years
• Long term: 5 years

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
Transformation risk	Existing and potential policy risks	After the “30·60” decarbonization goal (achieving peak carbon emissions by 2030 and carbon neutrality by 2060) was put forward, China has been vigorously promoting the establishment of “1+N” policy system for carbon emissions peaking and carbon neutrality. In addition, the People’s Bank of China published the <i>Green Finance Evaluation Scheme for Banking Financial Institutions</i> , and issued financial industry standards such as the <i>Guidelines for</i>	Increase in indirect (operating) costs	Monitoring climate related risks in the financial industry	Long term / High risk	<ul style="list-style-type: none"> Carefully study the Chinese government and regulatory authorities’ policies and regulatory requirements on the “30·60” decarbonization goal; establish a green finance management structure from the perspectives of Board of Directors, senior management and Head Office and branches, and ensure the timely implementation of policies and regulatory requirements. In 2021, CMB issued the <i>Environmental Information</i>

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
	Legal Risk	<i>Environmental Information Disclosure of Financial Institutions.</i> If CMB fails to follow up on or study national macro policies, or formulate corresponding implementation measures in a timely manner, its operation may come under pressure.				<i>Disclosure Report of China Merchants Bank in 2020</i> , which systematically introduced CMB's management measures and key performance related to climate change.
		In March 2021, the <i>Ordinances for Green Finance in the Shenzhen Special Economic Zone (Ordinances)</i> , which is the first green finance law and regulation in China, was officially implemented. CMB's green financial activities in Shenzhen Special Economic Zone are subject to the <i>Ordinances</i> . In addition, CMB's operation and management are also subject to the <i>Environmental Protection Law of People's Republic of China</i> , the <i>Energy Conservation Law of the People's Republic of China</i> , the <i>Law of the People's Republic of</i>	Increase in indirect (operating) costs	Monitoring the climate related risks in the financial industry	Long term / High risk	<ul style="list-style-type: none"> • Systematically study the laws and regulations related to climate change and green finance, and promote further implementation of relevant provisions within the company.

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
	Technology risk	<i>China on Prevention and Control of Environmental Pollution from Solid Waste</i> , and other laws and regulations. If CMB fails to judiciously comply with these legal and regulatory requirements, it may be exposed to the risk of being ordered to make corrections, and litigation risks that result in costly fines and judgements.				
		CMB is vigorously promoting its digital transformation strategy, which can significantly reduce the greenhouse gas emissions generated by paper use and customers traveling to and from physical outlets. Conversely, growing online traffic has led to increased energy consumption in the back office, such as data centers. If CMB does not invest sufficient manpower and resources in time to master the latest technology in terms of digital transformation, energy conservation	Increase in indirect (operating) costs	Transition to low-emission technology	Short term/ Medium risk	<ul style="list-style-type: none"> • Pay attention to the climate change risk brought by digital transformation while further promoting the development of CMB's digital transformation and the upgrading of the 3.0 business model; keep abreast with and apply low-carbon technologies in business operation and management.

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
		and emission reduction, it may face risks such as increased operating costs.				
	Market risk	CMB's valuation highly depends on its ability to develop sustainably in the long run. If a company has strong ESG performance, customers may be impressed by the company's achievement in performing social responsibilities, and be more willing to pay premiums for such company's products, which will boost the company's market share and profitability. Along with the market's growing awareness of climate change, it is expected that more and more customers will favor products and services that can bring social and environmental benefits. They will consider ESG as a selection criterion when choosing wealth management products. If CMB fails to develop relevant	Decline of demand for products and services will lead to reduction in revenue	Consumer behavior change	Long term/ Medium or high risk	<ul style="list-style-type: none"> Actively develop and introduce financial products and services that comply with the green concept or ESG concept; encourage innovation in green financial products and services, and enrich the supply of green financial products.

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
		products in time, there could be a loss of customers and falling demand for products and services.				
	Reputation risk:	Climate change has become a public topic, and the public are increasingly aware of the “30·60” decarbonization goal, climate change and green environmental protection. If CMB’s operations and business processes have a long-lasting destructive impact on the climate and environment, or have environmental and social risks due to imperfect environmental and social risk management and lax business review, it may face reputational risks and have difficulties in attracting and retaining customers, employees, investors and other stakeholders.	Decline in demand for products and services will lead to reduction in revenue	Negative news reports related to supporting projects or activities that have a negative impact on the climate	Short term/ Medium risk	<ul style="list-style-type: none"> Minimize risks by strengthening intelligent monitoring and early warning on reputation risks related to issues about climate change and green finance, establishing a public opinion response mechanism for potential negative events, and providing a timely response to the public's opinions and concerns.
Physical risks	Disruptive natural factors	CMB's main operations cover the whole territory of China and some overseas regions. In recent years,	Increase in indirect (operating) costs	Increased severity and frequency of	Long term/ Medium or low risk	<ul style="list-style-type: none"> Pay attention to weather forecasts and municipal construction excavation around the project;

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
		global extreme weather has become increasingly frequent and severe. These extreme weather disasters may exert the following impacts on CMB: (1) Physical business outlets and the back office of online business services might be damaged which would affect CMB's business continuity and damage financial stability. (2) Waterlogging and rainwater backflow may affect the health and safety of CMB's employees, as well as the operation and maintenance safety of office supplies and facilities. (3) Heat waves and drought and other extreme weather may cause record high temperatures resulting in shortage of water and power supply. Work environments, as well as the operation and maintenance safety of data centers can also be impacted. (4) Higher requirements are raised for CMB's new buildings and		extreme weather disasters such as cyclones and floods		<p>check and ensure that the drainage pipelines are unblocked on a regular basis.</p> <ul style="list-style-type: none"> • Pay attention to the information of power supply and water supply, coordinate municipal power supply for peak shaving operation of equipment and facilities, publicize water conservation, recycle rainwater and raise the operating temperature of air conditioners. • We select data center sites according to the national data center design specifications, and ensure that self-built data centers are outside seismic zones and flood prone areas, are not likely to have natural threats such as mud-rock slides, and are away from the coast to be less affected by typhoons and rainstorms. Data centers are designed with safeguards for the most severe climatic conditions. Redundant

Risks	Risk type	Risk description	Potential major financial impact	Primary climate related risk factors	* Period * / Degree of impact	Countermeasures
		existing buildings, in order to resist extreme weather. To cope with climate related risks, CMB may need to invest more money to transform / build or select office buildings that can adapt to climate change.				backup design is fully considered for the power distribution, air conditioning and other infrastructure of each data center. We make emergency plans and material preparations for single fault tolerance and extreme weather, and prepare back-up emergency power generation systems and emergency water reserves. Each data center has great disaster tolerance capacity for extreme climatic conditions. In addition, we plan to adopt cross-regional distributed deployment to realize remote disaster recovery in case of regional weather disasters.
	Long-term natural factors	Chronic natural disasters such as rising average temperature and rising sea levels will gradually affect all regions of the world, including China. These chronic natural disasters may exert adverse impact on CMB's offices, physical business outlets and the back office of online business services (data centers, etc.), which would affect CMB's business continuity and damage financial stability.	Increase in indirect (operating) costs	Average temperature rise	Long term/ Medium or low risk	

Opportunities	Opportunity type	Description	Potential major financial impact	Primary climate related opportunity factors	* Period * / Degree of impact (or Potential risk)	Implementation strategy
Opportunities	Resource efficiency and energy sources	With the increasingly extensive use of new energy resources, the continuous evolution and development of low-carbon technology, and the continuous improvement of the carbon trading market mechanism, CMB has increasingly more energy-saving and emission reduction methods that can be used in the operation process, and big opportunities to achieve carbon emissions peak and carbon neutrality at the operation level as soon as possible.	Decrease in indirect (operating) costs	Move to office space with higher energy efficiency	Medium term / Medium risk	Gradually increase the proportion of new energy consumption; In view of the large personnel turnover rate of project team, we actively promote shared offices in the Head Office building to improve the use efficiency and resource utilization per unit area of office floor.
	Products and services	As a national strategic emerging industry, the green environmental protection industry has diversified and individualized financial needs. Promoting green financial product innovation in a continuous and steady manner is conducive to improving the adaptability of CMB's financial service system and service capacity.	Revenue growth arising from increased demand for products and services	Development and/or expansion of low-emission products and services	Long term / High risk	<ul style="list-style-type: none"> • Make more efforts to promote innovation in green financial products and investment and financing instruments, and support the comprehensive green transformation of CMB's assets.
	Market	According to various studies, China needs to invest more than RMB 100 trillion to achieve carbon emissions peak by 2030 and carbon neutrality by 2060 (the "30·60")	Rising revenue after developing new products	Enhancing the diversity of financial assets (such as green	Long term / High risk	<ul style="list-style-type: none"> • Seize market opportunities, insist on delivering only high-quality green financial products to retail and wholesale

Opportunities	Opportunity type	Description	Potential major financial impact	Primary climate related opportunity factors	* Period * / Degree of impact (or Potential risk)	Implementation strategy
		decarbonization goal). In 2021, the People's Bank of China launched innovative carbon emission reduction instruments, which will exert positive impact on the green finance business of commercial banks. This means that CMB will embrace huge market opportunities in credit loans, M&A, investment banking, and other business areas. In addition, CMB also has great development potential in promoting green finance in the retail market and cooperating with retail customers to establish a zero-carbon society.	or entering an emerging market	bonds and infrastructure)		customers at both the investment and financing sides to promote development of green finance.
	Adaptability	Aggressively investing in climate adaptation actions can avoid future losses, generate positive economic gains and bring extra environmental and social benefits.	Increase in portfolio value due to asset appreciation	New products and services that ensure resilience	Long term/ Medium or high risk	<ul style="list-style-type: none"> • Increase investment and financing support for industries that can contribute to climate change mitigation or adaptation.

4.1.3 Climate Risk Management

CMB took the initiative to deal with the challenges brought by climate change, carried out green finance-related research, internal training and publicity activities, external exchanges and cooperation, and constantly promoted the healthy development of green finance through internal audit.

Green Research

We actively carried out green and ESG related research, constantly deepened our understanding of green finance and ESG related issues, and promoted the development of green and sustainable financial industry.

- We organized and conducted industry research to analyze the impact of high carbon and traditional manufacturing industries on carbon neutrality, and obtained research results in 12 strategic emerging industries and advanced manufacturing industries (including green industry, soil environmental pollution prevention, new energy charging and replacement devices, new functional materials - inorganic non-metallic materials, biomedical services, cloud computing and optical communication equipment, etc.), and the results of studies we organized in 7 industries (photovoltaic manufacturing, new energy vehicles, environmental protection, etc.).
- After investigating the macro background involved in carbon emissions peak and carbon neutrality, as well as the capital market background, CMB published some research reports such as *Tackling Climate Change: An Economic Analysis Framework, Global Climate Governance: Historical Evolution and China's Response*, some review articles such as The “Green Light” of Loose Credit - Comments on the Carbon Emission Reduction Instruments Launched by The People’s Bank Of China on November 8, 2021, and five in-depth industry research reports on carbon emissions peak and carbon neutrality.
- China Merchants Fund joined the Green and Sustainable Investment Committee of Asset Management Association of China, participated in the research on ESG issues, including ESG basic indicators and dynamic optimization, ESG information disclosure and data integration mechanism, ESG due diligence management and product specification of equity funds, among others; and led the research on ESG due diligence management and product specification of bond funds.
- Cigna & CMB Asset Management analyzed the correlation between ESG indicators and the future performance of individual stocks, as well as the future correlation between ESG indicators and equity funds and the performance attribution; constructed fund investment strategies or screened funds based on prospective analysis.

Training and Publicity

We provided employees with comprehensive training on green and sustainable finance, helped all employees master the basic knowledge of financial response to climate change, helped employees implement ESG concept in the process of business development, and built a sound and responsible investment and financing culture.

- CMB gave more than 10 series training sessions on carbon dioxide peaking and carbon neutrality, covering wind power, photovoltaic, hydrogen fuel cell, rail transit and other industries. Moreover, we analyzed the current situation of industries and identified the risks faced by high carbon emission industries such as chemical industry and cement industry.
- In 2021, CMB Wing Lung Bank carried out more than 10 internal and external green finance training and publicity activities, covering green operation, green finance policy, ESG, certification of green financial products, climate risk response, green finance classification methods, etc.
- China Merchants Fund launched 15 ESG related online courses for all employees, encouraged investment managers and employees of relevant business sectors to put a premium on corporate environmental protection, social ethics and public interests while aligning with the investment culture and investment model, and pay more attention to the fulfillment of corporate social responsibility.
- At the annual investment strategy meeting, CMB International Capital discussed the concepts of ESG and responsible investment and strategies, urged investment managers to adhere to ESG investment philosophy and actively implement ESG investment strategy in equity investment business.
- Cigna & CMB Asset Management carried out “The Era of ESG Investment Has Come” themed training for employees of investment department and relevant business departments; mainly introduced the concept and purpose of ESG investment, ESG target performance and China’s investment opportunities in ESG.

Exchange and Cooperation

We actively participated in industry exchanges and cooperation activities, kept abreast with the latest development trends of green and sustainable finance and excellent practices in the industry, and provided important resources for the Company to effectively deal with climate change risks.

- **Signing green declaration:** In October 2021, CMB signed the *Joint Declaration of the Banking Sector to Support Biodiversity Conservation*, and promised to carry out practice in terms of biodiversity strategy, risk control, preference, investment and innovation, information disclosure and cooperation, so as to make contributions to supporting biodiversity conservation.

- **Establishing strategic cooperation:** CMB signed strategic cooperation agreements with the China Administration for Carbon Emission Rights Registration and Settlement, China Carbon Emission Trade Exchange (CCETE) and China Greenhouse Gas Voluntary Emission Reduction Registration Authority, with the aim of supporting the development of national carbon emission quota trading market, providing best financial services for the carbon market, and helping enterprises to ensure carbon emissions control and compliance, green transformation.
- **Participating in industry exchanges:** CMB participated in and delivered a keynote speech at the 2nd International Symposium on Climate Friendly Banks, which focused on the theme of “Deepening Green Finance to Pursue Carbon Emissions Peak and Carbon Neutrality Goals” and was organized under the guidance of Department of Climate Change under the Ministry of Ecology and Environment; participated in the research of China Banking Association on the *Practical Experience and Prospect of ESG Concept in Pension Finance*. China Merchants Fund participated in the Inevitable Policy Response (APAC webinar) under the UN-Supported Principles for Responsible Investment, the online seminar of TNFD (Taskforce on Nature-related Financial Disclosures), and the 2021 China SIF Summer Summit.

Stress Test

In 2021, CMB participated in the climate risk stress test organized by the People's Bank of China to assess the potential impact of target transformation for peaking carbon emissions and achieving carbon neutrality on CMB's credit loan assets. The test results showed that under the stress scenario, the credit risks of the CMB's customers in thermal power, steel and cement industries increased, but the impact on CMB's capital adequacy ratio was generally controllable.

Internal Audit

CMB implemented the “Special Audit on Green Credit Loans in 2021”, and inspected the policies formulated for green credit loans, the granted credit loans, as well as the classified management, supervision and inspection of credit loans. In addition, CMB evaluated the progress in building a green credit bank and a green financial service system, and further improved the green credit loan management structure and systems, business structure, data quality management level, etc.

4.2 Innovative Green Products and Services

Massive investments are needed to tackle climate change and achieve sustainable development. As a necessary means, finance plays a vital role in the process of

realizing green development. CMB adopted various financial instruments to vigorously support the development of green industries and make economic and social activities become more green, low-carbon and sustainable.

4.2.1 Green Financing

In 2021, by sorting out the green economy products, and leveraging the advantages of integrated service system of investment banking and commercial banking, CMB flexibly used FPA (finance product aggregate) non-traditional financing methods to provide investment and financing and consulting services for listed companies/companies to be listed, and new energy enterprises to achieve capacity expansion, industrial integration, expansion, restructuring and M&A. In view of customer pain points in five fields, including green energy, green industry, green transportation, green building, energy conservation and environmental protection, CMB provided differentiated financial service solutions and built our own green finance product service system. Focusing on “carbon market” and “strengthening industrial chain support”, CMB deepened the innovation in special products for green economy, launched the *Guidelines for Account Services and Asset Business Related to Carbon Quota Trading*, and completed carbon quota pledge financing. By the end of 2021, the balance of our inclusive green loans amounted to RMB 263.842 billion, with an increase of RMB 55.254 billion from the beginning of 2021, up 26.49%, 19.49 percentage points higher than the overall growth rate of the Company’s loans.

Green Credit

Policy support

We formulated and enhanced credit policies such as *Green Credit Policy*, *Credit Policy for Energy Conservation and Eco-friendly Industries*, *Credit Policy for Photovoltaic Industry* and *Credit Policy for the New Energy Vehicle Industry*. These credit policies cover energy-saving industry, environmental protection industry, new energy vehicle industry, hydropower industry, wind power industry, photovoltaic power generation industry, photovoltaic manufacturing industry, biomass power generation and other industries.

- We used differentiated credit policies under which we maintain exposure to certain sectors while reducing exposure to other sectors. While ensuring the overall stability in policy and strategic direction, we adjusted industrial classification and entry standards of credit policies in advance. This helped strengthen credit loan support for the low-carbon economy, circular economy, energy conservation and environmental protection sectors, and clean energy industries such as wind power, solar power, hydropower and biomass energy. In

this way, we simultaneously guided the optimization and adjustment of CMB's asset structure and customer structure.

- We actively promoted absorption, consolidation, transfer and removal of capacities in industries suffering from overcapacity, and strictly controlled new loans made to industries with high pollution rates and high energy consumption. While conforming to general credit granting policies, we required enterprises to meet national environmental protection standards in terms of site selection, production process, resource consumption, pollutant emission and other aspects, and effectively prevented and controlled credit and environmental risks.
- We conducted strict environmental risk assessment, and avoided participating in low-level redundant construction projects in sectors with overcapacity and high energy consumption and pollution. For enterprises in "high pollution and high emission" industries and other environmentally sensitive industries, we strictly verified whether they passed the environmental assessment, energy conservation assessment and land pre-assessment. For projects and enterprises that did not meet environmental protection regulations, we granted no new credit or loans and withdrew previously granted loans.
- We vigorously implemented various financial support policies for the real economy and green and sustainable development, made good use of the carbon emission reduction tools of the People's Bank of China, provided pricing subsidies for carbon emission reduction loans under the guidance of monetary policy, and continuously optimized pricing policies. In 2021, we granted RMB 6.974 billion of carbon emission reduction loans to 70 projects, reducing 1.2152 million tons of CO₂ equivalent.

CMB's Credit Granting Policies for Key Industries

Binding credit granting policy for the coal industry (excerpted from *Coal Industry Credit Policy*)

Overall credit granting principle

Control over total volume, structure adjustment, and list management

Specific credit granting policy

- We actively adjusted the credit structure, strictly implemented the requirements of the State Council's Opinions on Eliminating Overcapacity, Overcoming Difficulties and Achieving Development in the Coal Industry, Key Points for Reducing Coal Overcapacity in 2020 and other documents. We resolutely eliminated exposure to coal enterprises that fail to meet standards in terms of safety, technology, scale, environmental protection and operation.
- We stopped providing new lending to coal mining enterprises which were

reported by provincial coal mine safety supervision and administration authorities for unsafe operation with injurious accidents, or having failed to remedy major environmental hazards. We also took timely measures to mitigate related risks, and gradually eliminated or reduced exposure to the enterprises.

Binding credit granting policy for the mining industry (excerpted from the *Credit Policy for Metal Mining and Beneficiation Industry*)

Overall credit granting principle

Risk prevention, focus on environmental protection, selected customers and structure adjustment

Specific credit granting policy

- The target customers are large mining enterprises with advanced production technology, satisfactory performance in energy saving and emission reduction, superior production cost control as well as standardized operation and management.
- Customers were required to obtain pollutant discharge permits, and their pollutant discharge indicators shall be in line with the national industrial policy and standards issued by related departments and commissions regarding energy consumption and clean production. They were also required to obtain the environmental inspection reports for the same year issued by the environmental protection agencies of the prefecture-level cities (or higher-level authorities) where they operate.
- We limited our exposure to mining enterprises with insufficient investment in environmental protection and safety. We firmly eliminated exposure to enterprises with deficiencies in protection and safety.
- We required that the main extraction work of mining projects be designed, constructed and put into use at the same time as their supporting facilities for environmental protection and production safety.

※: In terms of mining, CMB's customers were mainly engaged in mining and beneficiation of metals, including the mining of ferrous metal minerals (iron ore, manganese, chromium, vanadium, and other auxiliary materials for the iron and steel industry, as well as raw material minerals), commonly used non-ferrous metal minerals and rare metal minerals.

Customer Due Diligence (CDD)

Our basic customer due diligence procedure for credit loans consists of six stages: preparation before CDD, implementing CDD, customer rating, formulating credit loan

program, formulating CDD report, and submitting for review. In order to effectively manage credit risk, we fully considered and evaluated the ESG performance of the applicant in CDD process.

For granting general conventional credit

- We conducted background checks to understand prospective borrowers' governance and business qualifications. We investigated whether their equity structure, internal management and decision-making mechanism are reasonable, and whether the business model is sustainable.
- For enterprises whose operation requires special certifications due to the use of dangerous materials or discharging pollutants, we thoroughly checked the validity periods of their licenses.
- With respect to enterprises whose operation involves core patents, technologies and other intellectual property rights, we conducted checks to verify that these enterprises have obtained clear and valid patent authorization, or are the undisputed owner of intellectual property rights.
- Through on-site interviews and financial checks, we can fully understand an enterprise's employment situation, business environment, information disclosure, etc.
- Through third-party verification, we learn about whether an enterprise is subject to a legal dispute, regulatory punishment or other negative action.
- We carried out compliance risk assessment according to industrial regulatory policies applicable to enterprises, with the aim of ensuring that the reported customers, businesses or products comply with laws (including basic requirements of commercial bank law, national or regional industrial policies, various credit and product systems, regulatory provisions and other policies and regulations) in terms of entry, use, etc.

Project Loans

- We further evaluated the feasibility of project technologies and resources (such as intellectual property, resource endowment, and social impact), and reviewed various compliance approvals for projects (such as environmental impact assessment, etc.).

[Case] Nantong Branch helped reduce carbon emissions through innovative carbon emission quota pledge financing

In 2021, the Nantong Branch of CMB helped NTFD Company realize low-cost financing using 6 million tons of carbon emission quota as a guarantee. This was NTFD's first carbon emission quota pledge financing project. The project not only strengthened the thermal power company's power supply, but also enabled the company to promote carbon emission reduction and effectively strive a balance between economic benefits and green development. The Nantong Branch effectively helped the company revitalize carbon quota assets, and guided the green development of real economy through financial resource allocation and price leverage.

[Case] Qingdao Branch served the Qingdao Haixi (250MW) wind power project of Datang (Qingdao) Wind Power Generation Co., Ltd.

Under the strategic background of pursuing carbon emissions peak and carbon neutrality, new energy industries such as wind power, photovoltaic and energy storage industries have embraced great development opportunities. With the increase of projects under construction, the financing needs of relevant enterprises have increased. Subsidy financing is the most urgent demand of new energy power generation enterprises during the operation period. With the launching of carbon emission reduction instruments by The People's Bank of China, CMB Qingdao Branch actively provided services for the new energy industry in accordance with the *Guiding Opinions on Renewable Energy Subsidy Factoring Business*, and provided RMB 140 million worth of 3-year subsidy factoring for Datang (Qingdao) Wind Power Generation Co., Ltd. In 2021, the branch continued to invest RMB 150 million to inject financial momentum into high-quality green assets.

[Case] Guangzhou Branch leveraged green innovation to accelerate carbon neutrality and help public transport enterprises in the Greater Bay Area to obtain innovative financing

Guangzhou Public Transport Group is a representative enterprise promoting green travel and the largest public transport and road transportation enterprise in South China. With innovation in concept, structure and transactions, Guangzhou Branch successfully helped the Guangzhou Public Transport Group issue the first "green carbon neutrality" asset-backed note in the market, the first non-SPV (special purpose vehicle) free securitization product in the market, and the first ABN (asset-backed note) in public transport sector in the GBA; helped the client obtain more than 1

billion RMB in financing, greatly reduced the financing cost of enterprises, developed innovative financing methods for national public transport enterprises, and promoted the flow of funds to the field of green and low-carbon cycle through financial innovation.

[Case] Hangzhou Branch determined the loan charges for small and micro enterprises based on their individual carbon account evaluation results

In active response to the requirements of local government on applying carbon accounts to financial scenarios, CMB Hangzhou Branch studied and formulated a loan pricing program for small and micro enterprises based on their individual carbon account evaluation results. After ensuring compliance with the access requirements of CMB, the branch divided the owners of small and micro enterprises into “carbon reduction experts”, “carbon reduction pioneers” and “carbon reduction ambassadors” according to the “emission reduction medals” they earned in the individual carbon account on the Zheliban App or Alipay App, and provided them with an annualized interest rate of 3.85%, 4.05% and 4.25% respectively. This effectively gave play to the role of finance in promoting the green, low-carbon transformation of small and micro enterprises.

Green Bonds

Issuing Bonds

Under the *CMB Green, Social and Sustainability Bond Framework*¹, CMB Luxembourg Branch issued two USD bonds in 2021, namely, the US\$300 million 2-year floating rate SOFR (secured overnight financing rate)-linked bonds in the Asia Pacific region and the US\$300 million 5-year fixed rate carbon neutrality bonds. On February 23, 2022, CMB Sydney Branch first issued US\$400 million 3-year “common ground taxonomy” green bonds, which are the first “common ground taxonomy”² themed bonds of domestic joint-stock banks in the world. In addition, CMB Leasing established a sustainable development financing framework which was certified by a third party in 2021. Under the framework, CMB Leasing successfully completed the first issuance and pricing of dual currency “carbon neutrality” themed green bonds in September 2021, which were also the first Euro green bonds issued by a Chinese funded financial leasing company.

Notes:

1. The *CMB Green, Social and Sustainability Bond Framework*, the bonds issued under the framework and the social and environmental benefits have been publicly disclosed in the "[Sustainable Development Bonds](#)" on CMB's official website.
2. On November 4, 2021, the International Platform on Sustainable Finance (IPSF) released the *Common Ground Taxonomy - Climate Change Mitigation*, which was proposed by the People's Bank of China and cooperated with EU, at its annual meeting. This is another big move of China in the international cooperation of green finance, providing a unified standard for bond issuers to issue green bonds in China's domestic market and offshore market.



CMB issued the first Carbon Neutrality themed green bonds and SOFR-linked urban sustainable development themed bonds

Bond Underwriting

In 2021, CMB acted as lead underwriter to issue 38 kinds of green bonds, with a total issuance scale of RMB 61.372 billion. The raised funds were invested in multiple energy-saving and emission reduction projects.

[Case] Xiamen Branch promoted the low-carbon transformation of leading enterprises in China's non-ferrous metal industry

Zijin Mining Group Co., Ltd. (Zijin Mining) is a leading enterprise in the non-ferrous metal mining industry. The company planned to build a photovoltaic power generation project in the mining area to make full use of the exposed land resources on the surface and foster independent power supply capacity. As the lead underwriter, CMB efficiently helped Zijin Mining successfully issue the Phase 1 Green Medium-term Note (Carbon Neutrality Bond) of Zijin Mining Group Co., Ltd. in 2021. All the funds raised were used for the construction of green, low-carbon industrial projects. The bonds are not only the first batch of carbon neutrality bonds for Zijin Mining, but also the first carbon neutrality bonds for industrial low-carbon transformation in China's precious metal industry.

[Case] Chongqing Branch optimized the low-carbon travel mode of residents in the mountainous city of Chongqing

Chongqing Rail Transit (Group) Co., Ltd. is the sole large state-controlled rail transit passenger transport enterprise in Chongqing City that undertakes the urban rail transit construction, operation and resource development along the lines. Its rail transit has become a preferred choice for Chongqing citizens. In 2021, Chongqing Branch actively underwrote the green bonds and carbon neutrality bonds of Chongqing Rail Transit (Group) Co., Ltd., totaling RMB 3.1 billion, and brought significant environmental benefits.

In addition, the branch issued 21 Chongqing Rail Transit GN003 (carbon neutrality bonds), which were the first 5-year carbon neutrality bonds in the inter-bank market, with the lowest interest rate of medium-term notes in the same period in Southwest China since 2021.

[Case] Hefei Branch explored new areas for the utilization of renewable energy

In April 2021, Hefei Branch, as the lead underwriter, successfully registered medium-term notes for Anhui Province Energy Group Company Limited; and issued the first local state-owned enterprise carbon neutrality bond for the client in accordance with the client's capital needs and business planning. All the funds raised in this tranche were used as construction funds for green power generation projects. This showed significant environmental benefits in terms of carbon emissions reduction.

Green Acceptance

We gave full play to the role of bank acceptance business in supporting the payment and settlement for the industrial chain of green and eco-friendly enterprises, and promoted the development of green acceptance business. By the end of 2021, the balance of our green acceptance business reached RMB 21.46 billion, an increase of RMB 11.37 billion from the beginning of the year, accounting for 6.2% of the bank-wide acceptance business balance, an increase of 2.4% from the beginning of the year.

Green Rediscount

We increased financing support for green eco-friendly enterprises. In March 2021, CMB Chengdu Branch, as the first pilot bank, actively participated in the carbon

emission reduction green rediscount project initiated by the Chengdu Branch of the People's Bank of China. By the end of 2021, the branch provided a total financing amount of more than RMB 2.4 billion. In March 2021, Wuxi Branch provided RMB 10 million rediscount for the first batch of green notes in Jiangsu Province. By the end of 2021, the branch had handled green rediscount business totaling RMB 600 million.

Green Leasing

In May 2021, CMB Leasing provided prefabricated building production line operating lease services worth RMB 345 million for China Construction Science and Industry Corporation Limited (CSCEC Science and Industry), which is a subsidiary of China State Construction Engineering Corporation, and its subsidiaries. Through the operating lease services, CMB Leasing helped CSCEC accelerate the R&D, application and popularization of green low-carbon technologies in the construction industry.

In addition, CMB Leasing provided multiple new energy ride-hailing vehicle leasing services for Nanjing Lingxing Technology Co., Ltd. (T3 Go), with a cumulative investment of more than RMB 600 million, involving more than 7,000 new energy ride-hailing vehicles. They jointly built a green ride-hailing vehicle mobility service system based on new energy vehicles.

In 2021, CMB Leasing provided services for 78 customers in the field of new energy power generation, and invested RMB 16.5 billion; provided services for 18 customers in the field of energy conservation and environmental protection, and invested RMB 2.4 billion.

4.2.2 Green Investment

CMB actively carried out green investment business, fully implemented the principle of responsible investment and sustainable development concept in investment activities, and incorporated ESG factors into investment decisions.

Wealth Management

CMB has actively introduced financial products that embody ESG concept, and provide retail customers with a wide range of ESG financial products. In 2021, CMB sold about RMB 17.8 billion of equity funds on an agency basis for companies in new energy and photovoltaic industries. In addition, we sold the CMB Wisdom Ruiyuan Wenjin (ESG selection) one-year enhanced fixed income wealth management plan on an agent basis, and three ESG wealth management plan products issued and managed by a financial subsidiary of our partner bank.

CMB Wealth Management invested in ESG themed funds through FOF, investigated the ESG investment strategy of the special fund account when conducting customer due diligence on the fund manager of the ESG special fund account to be entrusted; gave priority to green bond investment, and strictly controlled new investments in high pollution and high energy consumption industries.

When introducing investment products, CMB Wing Lung Bank considered ESG score after making qualitative analysis, and gave extra points to those products that enjoy good ESG policy and have higher return or better risk control performance than other similar products. By the end of 2021, CMB Wing Lung Bank had 7 ESG approved funds and 11 green bonds.

China Merchants Fund issued and established SHSE-SZSE300 ESG ETF (exchange traded fund), became one of the first companies that issued products using CSI ESG index; established photovoltaic and new energy OTC index fund and battery themed ETF. In 2021, China Merchants Fund held 5 ESG related products, with a scale of RMB 1.462 billion, and a growth rate of 129%.

Assets Management

Adhering to the ESG concept, CMB International Capital and Cigna & CMB Asset Management resolutely implemented responsible investment methods, and paid close attention to the industries that comply with ESG concept in the fields of fixed-income investment and equity investment.

Fixed-income investment	<ul style="list-style-type: none"> CMB International Capital strictly observed the European ESG investment philosophy and standards when implementing the management and investment of CMB International Evergreen Fund registered in Luxembourg. During the due diligence interviews with the fund to be invested and its managers, CMB International Capital carefully checked whether the investment strategy and scope are totally consistent with the ESG concept. Cigna & CMB Asset Management used the integration method, screening method and thematic approach to seek those issuers who can combine attractive risk returns with the intention of promoting and achieving specific environmental or social benefits, and cope with sustainability challenges; and actively participated in the primary bidding and secondary transactions of various green bonds.
Equity investment	<ul style="list-style-type: none"> CMB International Capital considered whether the founders and management have ESG related concepts when investigating and interviewing enterprises, and made investments in Contemporary Amperex

	<p>Technology Co., Limited. (CATL), Cathay Biotech Inc., Innoscience, etc.; and rejected investments in industries that have high energy consumption and excess capacity and are detrimental to social sustainable development.</p> <ul style="list-style-type: none"> • Cigna & CMB Asset Management used ESG scoring system to select funds, and gave priority to products with better ESG performance than similar products under the same conditions; used negative screening mechanism to screen out companies with poor performance, and excluded industries that do not meet the investment values, so as to ensure that the income exposure is within a certain threshold value. Cigna & CMB Asset Management also used the existing framework to screen the investment targets. For example, Cigna & CMB Asset Management considered whether an enterprise has any dishonest records (financial fraud, etc.); selected companies with the best performance through positive screening, and actively incorporated those companies with good economic benefits and environmental benefits into the investment scope. After selecting investment targets, Cigna & CMB Asset Management strengthened substantive ESG risk management, and improved the quality of ESG factors information disclosure, so as to provide sufficient information to facilitate investors' decision-making. In addition, Cigna & CMB Asset Management actively communicated with the target company on ESG issues through meetings, e-mail/ letters, on-site visits, etc., and exerted a positive impact on the target company.
Investment in financial products	<ul style="list-style-type: none"> • For real estate projects, Cigna & CMB Asset Management reviewed the project environmental impact assessment report when conducting project due diligence, and evaluated the impact of target project on the local environment. Cigna & CMB Asset Management also established a strict screening mechanism for industries that have high energy consumption.

4.3 Spreading the Concept of Green and Eco-friendly Development

At the beginning of 2022, we launched the carbon neutrality themed “2021 Searching Carbon Footprint” Annual Bill activity on the CMB App. The annual bill summarizes the revenue and expenditures of each account in the past year, and combines the theme of low-carbon life with the revenue and expenditure of users. Starting from the consumption behaviors around us, it calls on everyone to take action and make concerted efforts to achieve low-carbon and sustainable development. Nearly 10 million customers participated in the activity.

We encourage credit card customers to use e-bills. By the end of 2021, 99.59% CMB

credit card customers were using e-bills. With popularization of e-bills, we saved over 1.943 billion sheets of paper in 2021, thus becoming a greener and eco-friendlier company.

[Case] Kunming Branch implemented the concept of green development and spared no effort to serve COP15

In 2021, Kunming Branch partnered with Yunnan Provincial Youth League Committee to jointly launch the “providing voluntary services with one mobile phone” youth volunteer comprehensive service platform. Kunming Branch was appointed as COP15 volunteer service station when the 2021 UN Biodiversity Conference (COP 15) was held in Kunming City. To provide the best service for COP15, the branch selected 100 business elites and backbone employees to form a youth volunteer team, and ensured good financial services and vigorous support for the conference. In addition, the branch had held the “Reforestation in One Hundred Years for China Merchants Bank · Voluntary Tree Planting Activity” for 17 consecutive years, and built a featured brand for youth volunteer public welfare activities through practice.



Induction ceremony of volunteers for the UN Biodiversity Conference (COP 15)



“Reforestation in One Hundred Years for China Merchants Bank Voluntary Tree Planting Activity”

[Case] Tianjin Branch protected birds in wetland to build a green ecology

In the winter of 2021, the number of migratory birds passing through Tianjin City nearly reached 400,000, including 130 species of birds. The number of observed national first and second-class protected birds such as oriental white stork, swan and gray crane decreased year by year. From November to December 2021, a large number of oriental white storks passed through Binhai New Area and gathered in Ningchegu Area of Beitang Street and Beidagang Wetland. Due to the lack of natural bearing capacity, the normal southward migration of oriental white storks was affected due to food shortage. In order to ensure the safety of migratory birds, the Tianjin Branch launched the “ESG Wetland Bird Protection Public Welfare Activity”, established a bird protection public welfare organization, cooperated with bird protection volunteers, and donated 900 kg of fish fry

for the migratory oriental white storks and other migratory birds in Ningchegu Area, thus helping the migratory birds survive the winter safely.



Tianjin Branch's bird protection volunteer team

4.4 Improving Operational and Ecological Efficiency

CMB strictly abides by the *Environmental Protection Law of People's Republic of China*, *Water Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Energy Conservation Law of the People's Republic of China*, the *Circular Economy Promotion Law of the People's Republic of China*, and other laws and regulations. Adhering to the concept of “green operations and green offices”, CMB strives to reduce the impact of business operation on environment. In 2021, we had no major environmental violations.

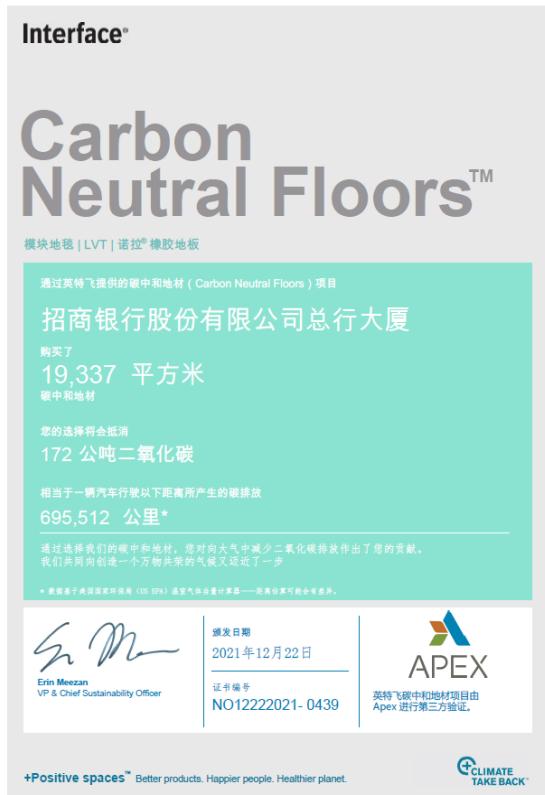
4.4.1 Management of Energy Resources

CMB's daily energy consumption mainly consists of the natural gas consumption in restaurants and kitchens, the gasoline consumption of CMB's vehicles, and the energy consumption of air conditioners, lamps and engines in daily operation, especially in data centers. We have taken a number of energy-saving measures to further reduce carbon emissions arising from operational activities.

- **Transformation of lighting system:** The fluorescent lamps, which had been installed and used in the offices and garages of the Head Office building and R&D centers for 20 years, were replaced with LED energy-saving lamps, with an energy-saving efficiency of 75%. We installed a pilot intelligent lighting system for shared offices. Employees can adjust the illuminance of lamps according to the outdoor light conditions. Induction devices are installed in consulting rooms, conference rooms and other areas, and the lamps can be turned off automatically when people leave. The logo lights on the Head Office building were replaced with adjustable lamps, saving energy by more than 30%.
- **Optimizing air conditioning system:** We carried out automatic transformation and real-time state monitoring of air conditioning water chillers and other

equipment in the Head Office building, in order to realize automatic start, stop and operation of units, and improve air conditioning energy efficiency ratio (EER). CMB Shenzhen Pinghu Data Center and CMB Shanghai Data Center transformed and upgraded the air conditioning system to further reduce electricity consumption.

- **Intelligent system application:** We installed intelligent water and electricity meters at each floor and equipment room in the Head Office building, and realized real-time data collection and real-time monitoring of all water and electricity consumption in the building. We also used the third-party system platform to complete data storage and analysis, in order to reduce the unit energy consumption of the building.
- **Replacement of carpets for accelerating carbon neutrality:** We replaced the old carpets on the standard floors of the Head Office building, and adopted anti-bacterial, dust-proof, anti-fouling, anti-static and other technologies for the new carpets. It is estimated that the new carpets will offset 172 metric tons of carbon dioxide in total.
- **Promoting the use of new energy:** We installed solar energy equipment to provide power for the mosquito killing lamps in the garden of our R&D building, and promoted the use of new energy.
- **Publicity of environmental protection concept:** We put up energy-saving signs in all public areas in the office building, strengthened energy-saving publicity during National Energy Conservation Week, on Earth Day and Low-Carbon Day, and encouraged employees to commute and work in an eco-friendly manner.



Carbon offset certificate of the Carbon Neutral Floors program

The banking industry should pay close attention to the power consumption generated by data centers during operations. At present, CMB has two Head-Office-level data centers in Shenzhen City, which are the CMB Head Office Data Center and CMB Shenzhen Pinghu Data Center; and has one head-office-level data center in Shanghai, called the CMB Shanghai Data Center, which reduced PUE from 1.61 at the beginning of 2021 to 1.47 at the end of 2021 through the special PUE program, and was rated as the “National Green Data Center in 2021” for its excellent performance of energy conservation and consumption reduction and green operation ability. This indicates that the data center plays a leading role in practicing green development in domestic financial industry. When building the CMB Shenzhen Pinghu Data Center, we fully considered environmental factors in the whole process from site selection, design to construction, in order to ensure that the PUE value of the data center remains at a low level.

We take into account the environmental factors of suppliers when leasing data centers. In 2021, we rented two new data centers, and the lessor is Global Data Solutions Limited, which is the first data center enterprise in China that is committed to achieving carbon neutrality and 100% use of renewable energy by 2030.

In the future, CMB will follow the national deployment of “East-to-West data flow for storage and calculation”. CMB plans to build a cloud data center in Chengdu City in

2023, and fully incorporates green energy-saving technologies into construction planning.

To facilitate carbon emissions peaking and carbon neutrality at the operational level, we plan to prepare the CMB Energy Management Manual and Plan in 2022, and build an energy management platform and real-time data monitoring system. Based on this, we will complete the major equipment and energy management assessment for building properties, optimize the equipment performance and energy use program, and reduce unit energy consumption. In addition, we will continue to complete the transformation of shared office floors, and improve the use efficiency per unit area.

4.4.2 Water Resources Management

CMB robustly promoted water-saving publicity and logo posting, replaced traditional lifting-type faucets with touchless sensor faucets, adopted the high-pressure floor washer for cleaning the square floor, and conducted patrol inspection and maintenance in time to eliminate leakage. Barreled water was withdrawn in the tea room, while direct-drinking water dispensers were reconstructed to enable employees to enjoy more eco-friendlier and healthy drinking water. To reduce the water consumption of the air conditioning system for heat dissipation, CMB Shenzhen R&D Center and CMB Shenzhen Pinghu Data Center adopted the air-cooled heat dissipation mode, which can save a lot of water compared with cooling tower heat dissipation. In the future, we will continuously improve water efficiency through technological transformation and awareness improvement.

Our water supply design adopts both municipal direct water supply and indirect water supply from water supply machine. By the end of 2021, no insufficient water supply shortage was detected.

4.4.3 Paper Management

CMB promotes paperless office nationwide, and advocates double-sided printing to reduce the use of paper documents; constantly optimizes the “Zhao Hu (招乎)” office platform, and turns online conference and training into a new normal. In this way, we reduced a lot of paper consumption and the carbon emissions caused by employees’ commuting. As the only representative financial enterprise in Shenzhen City, CMB actively implemented the financial management that integrates “invoices, finance, tax and archives”, which enables the whole process of reimbursement from submission to archiving to be completed in 6 minutes. This substantially saves on printing, transmission and the sorting costs of paper materials for accounting, as well as the storage costs after archiving. CMB effectively promoted environmental protection by using electronic invoices.

In addition, we promoted the application of electronic contracts, significantly reduced the use of paper contracts, and avoided a large amount of traffic carbon emissions caused by contract transportation. It is estimated that every 1,000 electronic contracts signed can avoid at least one big tree from being cut down. Since the establishment of our electronic contract system, we have signed 1,686,900 electronic contracts online, which is equivalent to protecting 1,687 trees.

4.4.4 Waste Management

The wastes generated during CMB's business operations are generally divided into hazardous wastes and harmless wastes. We have adopted different methods to dispose of different types of wastes, and ensure that wastes are disposed of in an efficient and ecological manner. In the future, we will continue to deploy classified waste cans to sort out hazardous and harmless wastes, and promote the recycling of recyclable waste; strengthen the publicity of waste classification, strive to reduce waste from the source, and promote in situ disposal of classified garbage, resource utilization, etc.

Waste category	Waste category and disposal methods
Hazardous wastes	<ul style="list-style-type: none"> Hazardous wastes such as used lamp tubes/bulbs, batteries, waste ink cartridges, waste toner cartridges, waste paint (barrels), pesticides, and waste water thermometers must be stored in hazardous waste warehouses and handed over to qualified units for disposal on a regular basis.
Harmless wastes	<ul style="list-style-type: none"> Recyclable wastes such as paper, plastic bottles, Styrofoam and aluminum must be recycled and disposed by resource regeneration department/ personnel. Food slop, daily domestic garbage and other non-recyclable wastes should be cleared by the garbage removal department/ personnel every day.

V. Focusing on Customer Experience

Introduction

The outbreak of COVID-19 pandemic has accelerated the transformation of customer behavior. Enhancing the all-around customer experience has become an important task for global leading enterprises, including banking financial institutions. Adhering to our service principle of “we are here just for you”, and our ultimate service proposition of “being customer-centric” and “user experience first”, CMB resolutely safeguards the rights and interests of customers, and constantly improves service quality. Taking satisfactory experience as the criterion, CMB continuously carries out service revolution and upgrading by leveraging advanced fintech, interprets the real meaning of “best customer experience” with technology and ecology, and strives to create the ultimate customer experience.

SDGs	Our Actions
  	<ul style="list-style-type: none"> We adopted innovative design standards for new business outlets, constantly promoted the construction of intelligent service system, monitored customer satisfaction, and provided a wide range of financial services for more than 100 million customers. Focusing on the diversified investment and financial needs of different customers, we enriched the lineup of multi-level and diversified products, established a big wealth management business model, and provided wealth management services for ordinary people. We set up strict product access and risk assessment procedures, and adopted various measures to ensure compliance in product sales, and effectively protected the interests of investors. We formulated <i>CMB Measures for Retail Finance Personal Information Management (Fifth Edition)</i>, carried out data security life cycle management, and spared no efforts to ensure personal information security. We issued the <i>CMB Notice on Further Strengthening the Protection of Consumers' Rights and Interests and Comprehensively Improving the Service Quality</i>, and focused on the inspection of products and services, training, publicity and implementation, performance assessment, internal audit. We actively implemented the regulatory requirements and carried out centralized financial knowledge education and consumer education activities; leveraged our rich online publicity resources to carry out financial knowledge education and publicity activities on a regular basis and in an innovative way.

Our Achievements

- **More than 92%** of CMB's online customer consulting services were completed by robots. Our 95555 hotline service robots had served more than **18 million** customers.
- Intelligent digital manager "**Zhao Xiao Lin** (招晓霖)" was officially launched on CMB App and the enterprise WeChat mini-program.
- In 2021, CMB didn't have any major cyber security, information security or privacy incidents.
- The net promoter score (NPS) of CMB customers was **68 points** in 2021.
- By the end of 2021, we had intercepted telecom frauds amounting to **RMB 8.834 billion** with automatic pop-up reminders and helped customers intercept telecom frauds amounting to **RMB 854 million** via manual handling.
- We organized **22,608** online and offline education and publicity activities related to financial knowledge, with a total of **641.442 million** participants.

5.1 Providing Satisfactory Service

Adhering to the principle of “we are here just for you”, CMB has created a whole process customer service experience from multiple aspects such as the concept, innovation, method and management of services, established an all-around, three-dimensional and efficient service system, and provided customers with satisfying and professional services.

5.1.1 Upgrading Customer Experience at Business Outlets

CMB fully integrated humanistic features of services into the construction of outlets, to create a comfortable and convenient customer experience. In 2021, we adopted innovative design standards for new business outlets, focusing on creating comfortable user-friendly customer experience.

Waiting area	Rows of steel chairs were replaced by upholstered combination sofas and long casual tables and chairs. The tables have built-in wireless charging devices, which allow customers to charge their mobile phones while waiting.
Operational counters	Electronic signature pads, banknote scanners and high-speed photographic apparatus were rearranged in proper positions. We created integrated counters with industrial design concepts in mind to streamline operation for customers
Wealth management counters	Special dual-way cameras were installed for double recording on the same screen during face-to-face communication between employees and customers, thus making the interaction friendlier and more personal.

Our branches improved their hall layout in a targeted manner, upgraded convenience service and measures, and provided attentive services for customers according to the real situation in actual operation.

- **Using small labels to remind customers of information about the issuing bank:** In view of customers' consultation calls querying about the information of the issuing bank, the Shaoxing Business Department of Hangzhou Branch printed small labels that indicate the name and telephone of the issuing bank, and distributed them to customers when they open an account. Customers can paste the label on their bank cards according to their actual needs and easily see information about the issuing bank.
- **Publishing lost and found items through online stores:** The Tulip Road Sub-branch of Nanjing Branch set up a Lost and Found Box in the entrance hall. At the same time, the sub-branch displayed pictures of the lost and found items in its online store to help customers quickly find lost items.

- **CMB waterproof storage bags deliver sincere care and happiness:** In view of the many rainy days during the rainy season in the south China, Foshan Branch bought mini waterproof storage bags that can hold small personal belongings, such as masks, mobile phones, bank cards and certificates. In addition, Foshan Branch and Zhongshan Branch provided colored headbands for women with hair hanging loose, so they could tie up their hair to quickly complete facial recognition.

[Case] Shenzhen Branch launched “Pleasant Waiting - Reducing Waiting Time and Providing Heartwarming Service”

Shenzhen Branch launched the procedure optimization activity of “Pleasant Waiting - Reducing Waiting Time and Providing Heartwarming Service”. Focusing on the customer pain points at the waiting room of outlets, the branch formulated targeted solutions, adjusted the waiting time in the hall, and provided care, instructions and help for customers in the hall, thus greatly improved customers’ waiting experience.

- Leveraging advanced fintech, the branch upgraded the system functions and service processes and streamlined the waiting procedure.
- Combining the pandemic prevention requirements, the branch set up temperature measurement desks in outlets with large foot traffic, guided foot traffic, distributed numbers, and shortened the waiting time of customers.
- The branch lifted restrictions on the management rights of outlets. Outlets can set the number of appointments according to the real situation of peak hours, reduce or close online appointments at peak hours, and encourage customers to avoid going out during rush hour.
- The branch evaluated the conditions of visual counter terminals with “red, yellow and blue” warning signs, gave priority to repairing and replacing those devices that have a “red” warning sign, a large number of users and high failure rate.
- The branch formulated and promoted unified and standardized service brochures and tools.
- The branch introduced surprise services, such as mobile dining car, service call and leisure area in the hall, in order to create more pleasant waiting experience.

By the end of 2021, the proportion of retail customers waiting for more than 30 minutes in the branch decreased by 10%; the scores of “Wind Bell” customer satisfaction survey for lobby, environment and VTM increased significantly.

5.1.2 Building Intelligent Service Systems

We constantly promoted the construction of intelligent service systems, strengthened intelligent service capability, enriched online service forms and optimized service

contacts to provide more convenient financial services for more than 100 million customers, while improving customer experience and service efficiency.

By the end of 2021, more than 92% of CMB's online customer consulting services were completed by robots. Our 95555 hotline service robots had served more than 18 million customers, providing them with daily business consulting services, as well as guidance in handling various businesses. Intelligent outbound robots have widely replaced the traditional manual outbound calls for notifications, risk control, reminders and so on.

Telephone Support	<ul style="list-style-type: none"> • We provided national unified number access. Customers can directly dial 95555 to obtain convenient financial services even in those areas that have no CMB outlets. • The menu name and structure were optimized and adjusted to provide clearer customer service options. • When the telephone hotline was busy, we recommended shortcut links for online service, and 23.7% of customers accepted this kind of fast conversion service in real time.
Intelligent quick services	<ul style="list-style-type: none"> • 24 CMB branches in Chongqing, Zhengzhou, Jinan and other cities launched intelligent voice portal applications, making service interaction more natural and concise. The rapid processing capacity of intelligent services is 11.8% higher than that of traditional manual service and helped customers save 39% of their time on calls.
Online services	<ul style="list-style-type: none"> • We launched innovative mobile banking multimedia integration services and corporate online banking services on the same screen, and improved the processing efficiency and service experience of complex businesses by using texts, pictures and voice calls. In 2021, the satisfaction for the multimedia service industry reached 99.12%, which was 4.23% higher than that of plain text personnel. • Intelligent digital manager “Zhao Xiao Lin (招晓霖)” was officially launched on CMB App and the enterprise WeChat mini-programs, providing customers with a better interactive experience. • Our Robo Advisor (智能投顾), Advisor Xiao Zhao (小招顾问) and other online services can meet customers' individualized needs. We constantly strengthened the service capability of intelligent financial consultants, improved Advisor Xiao Zhao and continuously enhanced the ability to provide tailored service and support for different customers. Advisor Xiao Zhao had provided consulting services for 19.2256 million customers, up 85.85% YoY.

- Leveraging the remote/ on-site dual recording functions, we applied video cloud chain platform for corporate account opening, account change and other accounting businesses to verify the legal person's identity and business intention. We also enhanced in-process verification and other functions. By the end of 2021, our video cloud chain had served 206,800 customers and recorded 220,800 effective videos.

[Case] Mobile exhibition PAD holistically met customers' various financial needs

In 2021, we launched the bank-wide business development tablet computer integration plan, created a mobile exhibition PAD equipment integrating five applications, which are market expansion, credit card, corporate loan and personal loan. When first-line marketing managers, credit card marketers, retail credit account managers and wholesale business account managers go out to work, they can apply for the equipment according to unified equipment management requirements and procedures, and use the functions of different modules according to their respective permissions. The equipment can meet the diversified financial needs of customers in terms of retail debit card, retail credit card, retail credit, and corporate business, etc.

The mobile exhibition PAD equipment was launched on September 17, 2021. By the end of 2021, a total of 44 tier-1 branches of CMB had accessed 2,642 exhibition PADs, 55,177 times. The mobile exhibition PAD has been used 323.686 times, fully embarking on a new era of “One PAD for All”.

[Case] Intelligent distribution of bank cards of various types to improve customers' card receiving experience

We developed a fintech-empowered intelligent card distribution machine with high-capacity card storage. It can issue various types of smart cards to solve problems such as having a large voucher inventory of cards with family photos and other kinds of customized cards at outlets, cumbersome voucher counting, and the complex process for customers to receive their cards. Matched with a visualized counter, it can realize the functions of intelligent card access, automatic card storage, automatic card counting, etc.

When customers deal with account opening, card activation, card collection, loss reporting and other businesses at the visualized counter, they can synchronously collect a card at the smart card library equipment, which enables them to collect any

type of bank card independently and greatly shorten the card collection time. For example, when collecting a card with a family photo, on average, it takes 20 minutes to collect the card at the counter, but it only takes 5 minutes to collect the card with the smart card library equipment. By the end of 2021, a total of 457 smart card libraries had been installed in 432 outlets and 37 CMB branches.

5.1.3 Integrated Development of Online and Offline Services

CMB actively embraced the accelerated development of the Internet and technology, and made full use of its traditional business advantages with the advantages of the CMB App, in order to continuously expand the scope of wealth management services and improve overall service capacity.

- **Livestreaming platform:** CMB's self-developed full-link live broadcasting platform provided vigorous support for the multi-scenario online business operation, and enabled a large number of customers to participate in real-time interaction and experience products online. At the same time, we leveraged a variety of investment and publicity tools, and helped users acquire professional knowledge and solutions without going anywhere else. In 2021, we held 6,365 livestreaming activities, which provided services for 45.3 million customers.
- **Outlet online stores:** Relying on rich capabilities for regional customization and page setup, we presented different service contents for different regions. We also connected with the home page of account managers, and output the professional abilities of account managers in a targeted manner to provide integrated service access for users. By the end of 2021, CMB had opened 1,749 online stores, which had 79.478 million customers in total.

5.1.4 Conducting Customer Satisfaction Survey

CMB attaches importance to customer satisfaction management, continuously monitors the satisfaction rate of retail and corporate customers, constantly improves the satisfaction survey system, and make use of survey results to improve customer service.

Retail customer satisfaction survey

We conducted a customer satisfaction survey through our customer experience management platform “Wind Bell”. At present, our customer experience survey has covered many business scenarios such as in the wealth, credit, private banking, credit card businesses, outlet service, door-to-door services for enterprises, remote banking and App experience. It also surveyed various channels, all the products and various customer groups. The questionnaire was pushed via the subscription of CMB App and

SMS, and sampling was managed in the survey to avoid disturbing customers. The survey results were presented through dashboards, reports, etc.

In view of the problems voiced by customers in the survey through the “Wind Bell” system, we promptly rectified our services, and tracked the optimization effects with the survey data. We praised, refined and promoted the heartwarming service cases found in the survey through the Wind Bell system. In 2021, the net promoter score (NPS) of CMB customers was 68 points. In 2025, the target NPS of CMB is 70 points.

Corporate customer satisfaction survey

Since the establishment of a corporate customer experience monitoring system in 2019, we have carried out periodical, systematic and automatic customer experience monitoring on CMB’s corporate products and services. Information sources include customers, account managers, product managers, regulators, etc. Based on this, we also formed a closed-loop customer experience working mechanism, which consists of “collecting problems - discovering problems - feedback on problems - optimizing solution- continuous monitoring”.

5.2 Creating High-quality Products

Staying customer-centric, and centering on the big wealth management value chain, CMB has established a multi-level product system and selected high-quality financial products to meet customers’ needs.

5.2.1 Enriching Financial Products

Focusing on the diversified investment and financial needs of different customers, CMB has enriched the lineup of multi-level and diversified products, established a big wealth management business model, and provided wealth management services for ordinary people. By the end of 2021, CMB Wealth Management launched 57 product pedigrees for the five major product lines, namely “CMB Winning”, “CMB Wisdom”, “CMB Intelligence”, “CMB Excellence” and “CMB Superior”, and greatly enriched the product categories. The number of non-cash products increased steadily, and the tenor structure was further optimized.

- **Fund products:** To make public funds enjoy more popularity among customers, we offered 10% discount on the subscription fees for bond funds and index funds, and offered 10% discount for the subscription fee of more than 1,000 actively managed partial equity funds, in order to meet the diversified product configuration needs of customers. We also created innovative products, and sold the first batch of public offering REITs, FOF-LOF, interbank deposit funds, Beijing Stock Exchange funds, funds offered by SMEs with specialized, refined,

featured and innovative development characteristics on an agent basis.

- **Financial products:** We launched “Zhao Zhao Bao (朝朝宝)” with wealth management feature for changes, starting from RMB 0.01. It enables customers to get a convenient experience of smart purchase and direct consumption. We introduced innovative products such as cash bonds and short-term bonds, and provided customers with a wide range of products, such as open-end and closed-end funds, and some products with a minimum holding period. By the end of 2021, number of customers of “Zhao Zhao Bao (朝朝宝)” reached 15.4 million.

In addition, we established an open product and operation platform, launched the “Zhaoyang Plan”, built a potential fund manager growth platform, incubated and retained excellent fund managers. In 2021, a total of 87 partners settled on the “Zhaocaihao (招财号)” open platform to provide wealth management services for more customers.

5.2.2 Ensuring Product Safety

We formulated strict product access and risk assessment procedures, and adopted various measures to ensure compliance in product sales, and effectively protected the interests of investors. In terms of introducing partners and agent products, we strictly abided by the requirements of relevant regulations, conducted in-depth survey on the partners and asset management products, implemented strict access control and unified management, and established a whole process risk control mechanism that covers product access, marketing and after-sales service.

- **Display of agent products:** We highlighted the product management organization, risk rating, investment period and other information on each sales channel and information query platform, in order to help customers identify the source of products and product elements.
- **System restriction:** Our sales system gives warnings or restricts purchase with excessive risks.
- **Sales quality control:** A specialized sales area for (agent) wealth management products was set up in our outlets, and we strictly implemented video and audio recording in the selling process.

Product type	Access assessment	Risk assessment	Compliance sales
Public fund offering	<p>Quantitative preliminary screening and qualitative research are adopted to conduct preliminary screening of fund products from three dimensions, namely fund company, fund manager and fund product. After the preliminary screening, the products are selected through discussion and voting at the product review meeting under the authorization of the agent sales committee. Over the past 10 years, CMB has helped customers made a total profit of more than RMB 150 billion.</p>	<p>CMB pays attention to fund companies' building of investment and research capacities, the incentive system for investment and research personnel, the investment decision-making process, and prevent risk control method. For specific fund products, CMB focuses on the investment framework of fund managers, pullback control, volatility, Sharpe ratio, etc.</p>	<ul style="list-style-type: none"> • Qualification certification: All personnel engaged in fund marketing and product research are required to hold the qualification certificate for fund practitioners. • Product recommendation: All the marketing promotional materials should be used after being reviewed and approved by the fund company and the Head Office, and no one is allowed to prepare marketing promotion materials without authorization. We investigate customers' risk rating. If a customer purchases a fund with high risk, the system will pop up a reminder and ask the customer to confirm again. • Publicity and education: The Head Office and branches must organize compliance briefings every quarter to report and study various compliance risks and typical cases. • Performance assessment: Customer service scores such as customer satisfaction and the incidence of major complaints are incorporated into the performance assessment of each branch, in order to

Product type	Access assessment	Risk assessment	Compliance sales
			stimulate the branches to continuously improve customer service levels, and avoid misleading sales tactics as well.
Agent sales of financial products	We set strict qualification requirements for financial or wealth management companies in the access review. Financial companies are evaluated from multiple aspects, such as the company's establishment, shareholder background, risk management ability, management scale, staffing, willingness to cooperate, and historical cooperation records. After the access review, CMB cooperates with various financial companies to produce customized financial products with different forms, themes, risks and profit margin according to market conditions, customer commonalities or specific needs. After conducting customer	When conducting customer due diligence, we carefully investigate the product investment strategy, investment logic and asset investment direction, and make an appropriate risk rating based on the product investment scope and fluctuation characteristics.	<ul style="list-style-type: none"> According to regulatory requirements, CMB provides 20 hours of financial business knowledge training for sales personnel every year.

Product type	Access assessment	Risk assessment	Compliance sales
	due diligence and knowing well the product strategy and investment direction, CMB sells the financial products on an agency basis after getting the approval of the product review committee.		
Insurance	We built an insurance product evaluation system based on the actuarial present value model should be established, so as to quantitatively evaluate the customer interests of insurance products through the actuarial model, and determine the product access list after considering the partner's brand, reputation and other comprehensive factors.	CMB established the mechanism that company access and limits verification are carried out by the Investment Committee of the Head Office, which is the highest risk management institution of CMB. In the process of company access view and limits verification, the business department and risk department assess the partner's risks from the multi-dimensional aspects, such as solvency adequacy ratio, corporate governance and financial situation.	<ul style="list-style-type: none"> • CMB strictly implements the relevant regulatory provisions on the agent insurance business of commercial banks, conducts demand analysis and risk tolerance evaluation on the applicants, recommends insurance products according to the evaluation results, and sells appropriate insurance products to those customers with strong demand and good affordability.

We helped customers understand financial products through live roadshows and one-minute video clips on wealth management, and promoted financial education among customers through interpretation of policies and regulations, review and comments on investment strategies, quarterly product operation reports, and non-periodical market fluctuation comments. We also improved the after-sales service experience by continuously expanding the companion service of online wealth products.

5.3 Ensuring Privacy and Data Security

CMB attaches great importance to customer privacy protection and data security management, carries out data security life cycle management, and spares no efforts to ensure personal information security.

5.3.1 Customer privacy protection

CMB actively implements the *Cybersecurity Law of People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, *Personal Financial Information Protection Technical Specification* and other national laws and regulations and financial industry standards. According to the organizational structure and the division of responsibilities of each unit specified in the *CMB Measures for Retail Finance Personal Information Management (Fifth Edition)*, CMB has set forth detailed standards on the classification of retail financial personal information, sensitivity and trade secret level.

- Established a retail financial personal information life-cycle security protection system covering information collection, transmission, use, sharing and preservation processes, as well as emergency plan, risk response, supervision and inspection, personal information complaint channel and other processing mechanisms for personal information protection;
- Implemented hierarchical and classified authorization management, strictly controlled the scope of authorization for personal information inquiry, strengthened the personal information use security impact assessment and management, standardized personal information use approval and management, and strengthened the personal information monitoring and management in accordance with the principle of “sworn confidentiality, minimum authorization, and user accountability”;
- Carried out internal control inspection, personal information emergency drill and other activities, strengthened publicity and education on personal information protection, and strictly prevented data leakage risk.

CMB's Commitments to User Privacy Protection

Application Scope of Commitments

- It is applicable to necessary personal information processing activities concerning CMB's products or services and risk prevention and control

Content of Commitments (or Commitments in details)

- Timely notification for the individual/ entity concerned in case of policy change or data leakage
- Implement world-leading data protection standards
- Obtain user data in a legal and transparent manner, and obtain the explicit consent of the individual/ entity concerned when necessary
- Collect and process user data only for the stated purposes
- The third parties that share data with CMB are required to comply with CMB's policies on user privacy protection

In addition, CMB shall carry out special information security audits on policies that are related to the cyber security, information security and personal privacy of customers and the implementation results, special audits on consumer rights protection, or listing of the consumer rights protection and information security management (including cyber security) as the key items for continuous audits, and incorporate information security into the items of relevant term-end accountability audits.

- **Audit content:** Customer information security protection; the necessity, standardization and security of personal information collection, storage and use; identity and access control management, network security management, system and data security management, terminal security management and application security, etc.
- **Audit frequency:** At least once a year
- **Audit method:** Combination of off-site and on-site audit work

For corporate customers, we issued the *CMB User Management Measures for Wholesale Customer Relationship Management System (Second Edition)*, and managed the system users and the information on corporate customers that are within the reach of users according to the principle of "sworn confidentiality and minimum authorization". We labeled important client information, summarized/ classified client behaviors through customer labels, and tried to avoid the leakage of detailed information about customers. We classified customer information into more than 100

modules, such as account information, credit information and contact information. Different modules are controlled with different permissions. Sensitive information can only be viewed by people with hierarchical permissions; browsing traces are saved for customer information query and access.

In 2021, CMB didn't have any major cyber security, information security or privacy incidents.

5.3.2 Information Security Management

CMB established the Information Technology Management Committee (hereinafter referred to as "the Information Committee"), which is mainly responsible for deliberating on CMB's information technology development strategies, the medium and long-term information technology development plans, CMB's technical structure and major changes, and determining the holistic information security strategy and major information security issues, etc. The Information Committee holds meetings on a regular basis to consider and supervise issues related to information and data security. Our Chief Information Officer was appointed chairman of the Information Committee.

In the meanwhile, we established network security leading groups, which are mainly responsible for implementing national laws, regulations and technical standards on network security, implementing relevant regulatory requirements, reviewing and approving the Bank's network security strategies and plans, etc.

In view of the higher requirements of laws and regulations on cybersecurity, information security and data security, we have formulated more than 40 rules and regulations concerning network and information security, such as *CMB Computer Information Security Guidelines (Second Edition)*, and *CMB Information Technology Risk Management Policy (Second Edition)*, and established a sound network security protection technology system and security operation system. Our security protection technology system covers multiple levels such as network, server, terminal, data and app. The security operation system consists of a full-time security operation team that works 24/7 for rapid response and handling of various safety warnings.

System Construction

We have built a sound information security management system to ensure that information security is fully incorporated into daily management and operations, such as performance assessment, employee training and employee feedback.

Performance Assessment	For the positions that involve and affect network security, information security and data security at work, we set up relevant assessment requirements for their managers, and incorporated information security, compliance, security and other assessment indicators into the performance assessment of employees. The rating score is associated with the final performance assessment results, which directly affect the employee's performance salary.
Training and skill certification	In 2021, CMB held 10 themed trainings on network security, information security and data security, which were attended by more than 100,000 employees. CMB encouraged employees to obtain external certification related to network, information or data security and continuously enhance their expertise and skills.
Employee reporting and feedback	CMB set up a special network security service hotline to provide services to all employees through phone call, e-mail and Zhao Hu (招乎). We quickly notified the relevant personnel on duty of the network security problems reported by employees, asked them to follow up and deal with the problems, and promptly provided feedback and the handling results.

Training type	Training content	Coverage
Periodical training	Information security awareness training for all employees, conduct compliance and information security training for new employees, application security training, etc.	All employees
Annual special training	Application security training, professional ability training for Internet security practical protection, bank-wide CTF (Flag competition) security training, bank-wide security administrator qualification training, bank-wide network administrator qualification training, database administrator qualification training, etc.	All IT employees
Annual featured trainings	Interpretation and training on information security related laws and regulations, etc.	All employees

By the end of 2021, a total of 44 employees had obtained network, data and information security related certification, including CISSP (Certified Information Systems Security Professional), CISA (Certified Information Systems Auditor), CISPP (Certified Information Security Professional), C-CCSK (China-Certificate of Cloud Security Knowledge), etc.

Emergency Plan

We established a sound information security protection system which covers multiple levels such as network, server, terminal, data and apps. We also synchronously established a supporting security operation mechanism, and established a special security operation team to ensure all-round 24/7 security monitoring and protection.

To effectively identify systems that may be attacked by hackers or have the risk of data leakage, we took multiple measures to identify the vulnerabilities of information systems. The measures included: establishing a special team to implement internal penetration test on a regular basis; deploying special scanners to scan system vulnerabilities, application vulnerabilities and network high-risk ports on a regular basis; conducting vulnerability mining on the Bank's Internet assets through the third-party vulnerability mining services; and leveraging third-party Internet asset monitoring services to scan and identify vulnerabilities on the bank's Internet assets on a regular basis.

In view of potential hacker attacks and data leakage, we formulated a targeted information security emergency plan, which covers various common network attack scenarios such as online banking DDoS (distributed denial of service), supply chain attack, malicious e-mail, terminal infection and malicious programs. It also elaborates on the establishment of an emergency team, emergency response, event handling, traceability and root cause analysis, summary, and procedure optimization, etc. In the meanwhile, we formulated a drilling plan for each emergency plan and carried out drills on a regular basis. Our emergency plans and emergency drill plans cover all Internet service areas, all Internet access areas and mailbox systems of CMB.

External Certification

Our operation and maintenance services for production system and disaster recovery system obtained the certification of the IT Service Management System Standard (ISO 20000), and the 41 systems passed the information security classified protection test.

In November 2021, CMB App officially obtained the “Mobile APP Security Certification” from the China Cybersecurity Review Technology and Certification Center (CCRC). This certification is the only national certification in the field of APP personal information security in China, indicating that CMB’s App personal information protection work has won the recognition of authorities.

Certification name	Certification period	Scope of certification
ISO 20000	December 24, 2018 - December 13, 2021 February 15, 2022 - December 13, 2024	Operation and maintenance services for production system and disaster recovery
PCI DSS certification	October 30, 2020 - October 30, 2021	41 systems, covering core business, credit card, online banking, telephone banking, anti-money laundering, third-party payment, etc.
Mobile Application Security Certification	November 12, 2021 - November 11, 2024	CMB App 9.x.x
ACS Native Cloud Security Operation Center Certification	December 31, 2021 - December 13, 2022	ACS Native Cloud Security Operation Center



CMB App Security Certification Certificate issued by CCRC

Management of Third Parties

We have incorporated IT outsourcing into the comprehensive risk management system, and effectively controlled the risks caused by IT outsourcing. The IT outsourcing risk management department organizes and carries out a comprehensive IT outsourcing risk management assessment at least once a year, the assessment covers outsourcing information security and other aspects. In the supplier access review process, we formulated standard procedures on outsourcing demand management, supplier selection and contract management, etc., specified data security obligations in the contract, and regularly monitored and reviewed the supplier's data security. In addition, when using data in cooperation with third parties, we strictly complied with laws and regulations.

CMB's Procedure for Using Data with Third Parties

1. Get the individual's separate consent;
2. Inform the individual of the detailed information about the data receiver, such as name or contact information, processing purpose, processing method, and the type of personal information; and sign an agreement with the data receiver to clarify that effective technical measures and other necessary measures should be taken to ensure the security of personal information and prevent information disclosure, tampering and loss;
3. The personal information shall only be processed for the purposes agreed upon by the individual, and using the processing methods and category of personal information agreed upon by the individual. In the case of any change of the purpose or processing method of personal information, the individual's consent shall be obtained again.

5.4 Protecting the Rights and Interests of Customers

Adhering to the principle of being people-oriented and service-oriented, CMB spares no efforts to protect consumers' rights and interests, and is committed to fulfilling the obligation of disclosing information to consumers, complying with the principle of fair transaction, and safeguarding the legitimate rights and interests of consumers according to law. In 2021, we issued the *CMB Notice on Further Strengthening the Protection of Consumers' Rights and Interests and Comprehensively Improving the Service Quality*. By organizing integration working groups and coordination meetings, we ensured the information sharing between horizontal departments that are involved in consumer rights protection, as well as the effective implementation of work coordination mechanism.

5.4.1 Improving the Management System

CMB determined that the Board of Directors is the highest decision-making body for consumer rights protection in the management structure. In 2021, CMB focused on the inspection of products and services, training, publicity and implementation, performance assessment, internal audits, and other activities that are related to the protection of consumers' rights and interests.

- **The Board of Directors:** It is responsible for integrating consumer protection into our business development strategies, corporate culture building and corporate governance assessment, overseeing and ensuring effective implementation of consumer protection strategies and policies as well as sound progress toward consumer protection objectives.

- **The Committee on Management of Related Party Transactions and Customer Rights Protection:** The committee is responsible for guiding and supervising the building and improvement of management systems for consumer protection work within CMB. It also oversees the comprehensiveness, timeliness and effectiveness of work done by senior executives and consumer protection departments in accordance with applicable regulatory requirements, and monitors the status of implementation of our consumer protection strategies and policies, as well as the progress toward consumer protection objectives.
- **Consumer Protection and Service Supervision & Management Committee:** This is a special committee under the senior management team. It is responsible for unified planning and deployment of CMB's work with respect to consumer protection as well as related service supervision and management, in order to ensure the effective implementation of consumer protection strategies and policies as well as sound progress toward consumer protection objectives.
- **Consumer Rights Protection Center:** The center is responsible for bank-wide consumer protection work, and is an organization under the Consumer Protection and Service Supervision & Management Committee. It is at relatively high level and also enjoys relatively high degree of independence. The center leads consumer protection work, and also organizes, coordinates, oversees, pushes and guides other departments and subordinate institutions to carry out consumer protection work.

Reviewing Products and Services

We formulated the *CMB Guidelines for Review of Consumer Rights Protection*, which clarifies the key points to be reviewed in terms of business policies, rules and regulations, contract text, advertising brochures, etc. It was specified that the policies, systems, business rules, pricing and charges, agreement terms and publicity texts that may affect consumers in different processes (such as product and service design and development, pricing management, and agreement formulation) should be evaluated and reviewed, in order to identify and give reminders for relevant risks.

In 2021, we developed an online professional consumer protection review system, and improved the quality and efficiency of consumer protection through scientific and technological innovation. In 2021, CMB investigated 34,063 cases for consumer rights protection; evaluated and reviewed the policies, systems, business rules, pricing and charges, agreement terms and publicity texts that may affect consumers in different processes, covering product and service design and development, pricing management, and agreement formulation, marketing and publicity, etc. In addition, we presented reviews and opinions according to the actual situation of products and services, and carried out continuous monitoring by means of monitoring and investigation.

Special Training

We carry out special training on consumer rights protection at least once a year. The training objects include senior management, the business personnel, grass-roots business personnel and new employees, who are involved in consumer rights protection. In 2021, the senior executives of the Head Office and branches, leaders and employees of business departments and grass-roots units conducted special study on consumer rights protection through the Bank's learning platform, and participated in examinations to evaluate the effects of training. We incorporated a special course on consumer rights protection into the new employee training. The coverage rate of trainings was 100%; and the number of trainees reached 85,895.

Performance Assessment

We incorporated consumer rights protection and consumer complaint handling into the comprehensive performance assessment index system of branches and the departments of the Head Office, including all the business departments of the Head Office and 44 tier-1 branches related to consumer protection. The assessment results were incorporated into the institutional accountability system and human resources management system.

The final performance score of branches will mainly be used for performance rating, three-year evaluation of outstanding branches, target assessment, salary distribution, and personal assessment of team members in branches. The KPI system of the Head Office's departments shall contain a score deduction indicator for consumer rights protection, and the completion results shall be considered when determining the performance score of the Head Office's departments. Additionally, it will be used for performance rating, three-year evaluation of outstanding branches, and personal assessment of team members in the departments of the Head Office. According to the performance appraisal results in 2021, there were 31 Tier-1 branches that got full score in terms of consumer rights protection, accounting for 70.45% of all participating branches.

Independent Audit

We formulated the *CMB Audit Policy on Consumer Rights Protection*, which determines the normalized and standardized internal audit mechanism, defines the audit cycle, audit frequency, key points and scope of objects in audits, and makes consumer rights protection an audit item in CMB's annual audit each year. In 2021, we completed the "2021 Special Audit on Consumer Rights Protection", and completed the "2021 Special Audit on Consumer Rights Protection" in the Hangzhou Branch according to the requirements of local regulatory authority.

5.4.2 Improving Complaint Management

CMB strictly implemented the regulatory requirements, further improved the complaint management system and further deepened complaint management work and measures. CMB has set up a special column on Consumer Rights Protection on its official website “All in One Net”, publicly announced complaint handling channels and processing procedures, and periodically updated financial knowledge, work newsletter and other content.

Rules and Regulations	<ul style="list-style-type: none"> We formulated <i>CMB Rules Governing Customer Complaints Management</i>, further clarified the principle of complaint handling, updated and clarified the responsibilities and work requirements for handling complaints; improved the working mechanisms for complaint handling and diversified ways of settling disputes, and strengthened internal procedure controls.
Complaint System	<ul style="list-style-type: none"> We took the lead in linking our complaint management system with the system of the People’s Bank of China, and realized the real-time communication of complaint data to the regulatory department system. Leveraging big data analysis, natural language processing and other technologies, we provided automatic complaint classification, complaint data early warning, visual chart presentation and other functions, and preliminarily realized the refined management and standardized classification of consumer complaints.
Assessment and Evaluation	<ul style="list-style-type: none"> We incorporated the complaint handling related assessment index into the performance index system of domestic tier-1 branches and departments of the Head Office; evaluated the implementation results of complaint handling work of departments in each year, and linked the departmental performance results with the departmental performance salary and the performance assessment of the head of each department. According to the <i>CMB Assessment and Evaluation Plan for Consumer Rights Protection</i>, we focused on the key businesses and key processes where consumers’ rights and interests are vulnerable for being infringed upon; evaluated the handling of complaints covered by the index, and comprehensively evaluated the work concerning consumer rights protection conducted by branches and relevant departments of the Head Office.

CMB's Channels of Receiving Customer Complaints

- Customer complaint hotline: 95555 ext. 7
- Credit card complaint hotline: 4008205555 ext. 7
- E-mail address for receiving complaints: xfzts@cmbchina.com
- Mailing address for receiving complaints: Consumer Protection and Service Supervision & Management Center, China Merchants Bank Building, No.7088, Shennan Avenue, Futian District, Shenzhen, postal code: 518040

Places and Content for Displaying CMB's Channels of Receiving Customer Complaints

- **Offline business channels:** All branches publicize the customer complaint hotline, the e-mail address for receiving complaints, the address for receiving complaints by regular mail, complaint handling procedures and other information in the business hall, self-service banking areas and Sunflower service areas and other prominent positions; and place the unified customer feedback booklet in the business hall and Sunflower service area in conspicuous areas.
- **Online business channels:** We display the CMB customer complaint hotline and the Head Office's mailing address for receiving complaints on the CMB App; and display the CMB credit card complaint hotline and the Head Office's address for receiving complaints by regular mail on the CMB Life App.
- **Official website:** We publicize the customer complaint hotline, credit card complaint hotline, the address for receiving complaints by regular mail, the e-mail address for receiving complaints, complaint handling procedure and other information in prominent positions on CMB's official website "All in One Net".
- **Telephone service hotline:** 95555 customer service hotline and 4008205555 credit card service hotline publicize the complaints received via prompt and menu.
- **Product and service contract:** We provide the customer complaint phone numbers or other channels for complaint handling.

According to the provisions of *Administrative Measures for Handling Consumers' Complaints in Banking and Insurance Industry* issued by the China Banking and Insurance Regulatory Commission (CBIRC), our *CMB Rules Governing Customer Complaints Management* clearly stipulated that “when handling complaints, all business units shall verify the identity of the person with the complaint, protect the information security of that person, and protect national secrets, business secrets and personal privacy against infringement according to law”. Those who violate relevant regulations shall be punished according to CMB's rules and disciplines. Meanwhile, after handling a customer complaint, we will inform the person by SMS or phone call

to resolve the complaint via the complaint management system which safeguards the customer's right to claim according to law.

In 2021, we received a total of 21,628 complaints transferred by regulatory authorities. The voice of customers (VOC) incidence rate (including customer complaints, rational suggestions, feedback, etc.) in the Bank reached 0.33%. According to the VOC business classification, debit cards accounted for 39% and that of credit cards accounted for 61%.

Region	Number of complaints transferred by regulatory authorities in 2021
Beijing	223
Tianjin	108
Hebei	25
Shanxi	46
Inner Mongolia	11
Liaoning	92
Jilin	13
Heilongjiang	61
Shanghai ¹	17,876
Jiangsu	206
Zhejiang	118
Anhui	62
Fujian	67
Jiangxi	70
Shandong	191
Henan	41
Hubei	225
Hunan	67
Guangdong	232
Guangxi	20
Hainan	5
Chongqing	62
Sichuan	179
Guizhou	9
Yunnan	64
Tibet	0
Shaanxi	78
Gansu	3
Qinghai	7
Ningxia	14

Region	Number of complaints transferred by regulatory authorities in 2021
Xinjiang	30
Dalian	30
Ningbo	23
Xiamen	56
Qingdao	68
Shenzhen	1,246
Total	21,628

Note: 1. Credit card complaints were included.

5.4.3 Ensuring Fund Security

At present, telecom or Internet frauds are still running rampant in China. CMB established an effective telecom fraud prevention system, and ensured the safety of customers' accounts and funds by strengthening identity verification, establishing classified and hierarchical management mechanisms and clearing out dormant accounts.

Identity verification	During account opening process, we screened customers through Internet-based verification, list of punishments by regulatory authorities, and the anti-money laundering list; asked customers to confirm their purpose of account opening, and opened accounts of different types for customers according to different purposes. In addition, we conducted supplementary verification by using fintech and introducing external data, and simplified counter procedures.
Classified and hierarchical management of accounts	Based on the results of customer identity verification, we conducted classified and hierarchical management of customers, determined whether to open the non-counter expenditure function for the customer with new accounts, and set a reasonable limit for the customer's non-counter expenditure. The limit is not allowed to be adjusted by the customer online. It can only be adjusted after the customer is reviewed manually at a front-line branch.
Clearing suspicious accounts and long-term dormant accounts	We completed account clearing for those customers who have at least 5 of our bank cards, and took measures to suspend non-counter accounts, cancel or degrade relevant accounts that fail to pass the holding rationality check. According to the unified criteria of the People's Bank of China, we completed the clearing of long-term dormant accounts.

In the meanwhile, we built an industry-leading intelligent risk management ecosystem, fully leveraged strong fintech to create a comprehensive risk control system that includes beforehand, in-process and afterward control measures, in order to prevent telecom frauds.

Beforehand	We used blockchain to share negative information, and predicted risks in advance through graph calculation and big data analysis.
In-process	We further developed the real-time intelligent risk control platform, and provided customers with strong anti-fraud protection through automatic pop-up reminders and a manual handling mechanism. By the end of 2021, we had intercepted telecom frauds amounting to RMB 8.834 billion with automatic pop-up reminders; and helped customers intercept telecom frauds amounting to RMB 854 million via manual handling.
Afterwards	We used AI technology to investigate suspicious customers automatically, established a risk event handling platform, and investigated cases to recover customer losses. In 2021, the risk event handling platform handled a total of 61,163 cases.

In 2021, CMB intercepted 425 frauds and high-risk events such as fake account opening, forged seals, telecom & Internet frauds, forged and altered bills, helped customers prevent losses of RMB 2.38 million, and effectively cracked down on fraudulent activities.

[Case] Quanzhou Branch saw through a telecom fraud and prevented financial loss

In order to effectively curb telecom fraud, Quanzhou Branch improved the risk prevention awareness of front-line personnel by strengthening training and organizing drills. Combined with system risk early warning, the branch realized real-time monitoring of suspicious accounts and established an efficient anti-fraud management and control network.

In October 2021, Ms. Qiu, a customer of CMB, went to the counter of Shishi Sub-branch of Quanzhou Branch, and asked the teller to lift the transfer restriction and handle cash withdrawal business. When verifying the use of cash with Ms. Qiu, the teller found that Ms. Qiu was making a video call, and intended to withdraw cash to facilitate the compensation to be made by an express delivery company. She was suspected to have encountered telecom fraud. After stabilizing Ms. Qiu's mood with a resident police officer, the branch immediately assisted her in handling oral loss reporting, freezing funds and reporting to the police. In the meanwhile, the branch immediately called the anti-fraud center, which terminated the payment to the fraudster's account. Through a dissuasion with the branch, Ms. Qiu realized that she might have encountered telecom fraud and gave up the cash withdrawal requirement, thus avoiding a loss of RMB 150,000.

5.4.4 Improving Customer Debt Management

Assisting customers in debt management is one of the important responsibilities of banking financial institutions. CMB has established a comprehensive debt collection mechanism and procedure, standardized debt collection methods, provided credit loan elements change programs for retail credit loan customers and credit card customers, and helped customers develop good repayment habits.

We have formulated standardized debt collection procedure and service specifications according to regulatory policies, established a normalized monitoring mechanism, strengthened collection quality control through post-event supervision and audit, and timely rectified the problems found in the audit. In the meanwhile, we adhered to legal debt collection method, attached great importance to the compliance training and legal debt collection, provided trainng for debt collection workers, and enhanced the compliance awareness of debt collection workers by analyzing typical cases and relevant regulatory policies.

We subdivided the customers with overdue arrears according to the dimensions of loan variety, customer rating and overdue stage, and formulated differentiated collection strategies. While fully considering the customer experience and feelings, we prompted customers to repay in time before and on the day of loan deduction by means of SMS notification and AI intelligent outbound call, so as to help customers develop and maintain good repayment habits. For those customers who are lack of good repayment habits and frequently have overdue arrears, we have strengthened the monitoring over their repayment by using intelligent AI.

In view of the needs of existing retail credit customers for change of loan information, we have formulated special system specifications and process standards, supported the adjustment of credit loan elements such as amount, term, interest rate, repayment method and guarantee method, and conducted special audit based on customer qualification and actual needs and according to the law.

5.5 Promoting Financial Education

In recent years, financial products and services have become more and more professional and diversified. However, most financial consumers haven't acquired enough professional financial expertise for their own wealth management. CMB actively carried out various multi-channel and multi-form financial knowledge popularization activities, advocated rational consumption and investment, and promoted financial education.

5.5.1 Publicizing Financial Knowledge in an Innovative Way

CMB actively implemented the regulatory requirements and carried out centralized financial knowledge education and consumer education activities. In addition, CMB leveraged its rich online publicity resources to carry out financial knowledge education and publicity activities on a regular basis and in an innovative way.

We released over 70 short videos to disseminate financial knowledge via our WeChat video account “Zhao Xiao Bao(招小宝)”. There has been a total of over 100 million views, and a single video has up to 20 million views. 22 articles had more than one million views, some original video works were forwarded by the “Criminal Investigation Department of the Ministry of Public Security” and the “National Anti-fraud Center”. The “Zhao Xiao Bao” video account was chosen as one of top 10 influential third-party financial video accounts, and won praises from fans and society at large.

- CMB collaborated with Tencent, We-Media celebrity “Jinli Youth” and WeChat account “Chongqing Financial Security Guard” to jointly create scenario-based experience in the form of hand-colored comics, analyzed the high-risk illegal financial traps and victims’ psychological activities from the first-person perspective, and spread knowledge related to personal information protection.
- In view of the popular topics in the society such as new telecom frauds, Internet frauds and illegal financial activities, CMB cooperated with the “Anti-fraud Alliance”, which is a WeChat video account of the public security organ, and jointly planned and released the “How to Prevent Risks” themed video clips.
- Under the guidance of the People’s Bank of China, we made the Funny Quiz Questions & Answers - “Are you a millionaire or a person with the most debts?” By simulating the scenes of illegal financial scenarios that office workers may encounter in their daily life and giving some relevant explanations, we stimulated consumers’ enthusiasm for acquiring financial knowledge independently in a happy and effective manner.

In 2021, CMB carried out many activities such as “Financial Consumer Rights Day”, “Financial Knowledge Popularization/ Publicity Month, Spreading Financial Knowledge in Families, Striving to Be Rational Investors and Good Financial Netizens” and “Popularizing Financial Knowledge to Ensure Financial Security”, which were highly praised by the People’s Bank of China for its. CMB was rated as “Excellent Activity Organizer” by the CBIRC in the “Financial Consumer Rights Day” Event. In 2021, we organized 22,608 online and offline education and publicity activities related to financial knowledge, which were attended by 641.442 million

consumers; we distributed 123.055 million brochures, published educational and promotional pictures and texts on WeChat, which had a total of 116.831 million views, and were covered by 1,901 media reports.

[Case] “Sunflower on the Move” financial consumer service upgrading project

We launched the “Sunflower on the Move” financial consumer service upgrading project, and made use of our professional capabilities to provide comprehensive professional services such as “wealth management” to “financial knowledge popularization and risk prevention” to the public, and promoted the upgrading of financial consumption services in the whole society. Since 2019, “Sunflower on the Move” has been committed to upgrading the financial knowledge of customers and the public and safeguarding the legitimate rights and interests of retail customers. In 2021, focusing on the theme of “Sunflower on the Move, Empowering Your Wealth Management”, we strengthened online communication and interaction, and attracted more than 2 million active participants.

- To celebrate the 315 Consumer Protection Day, we held the “Sunflower on the Move” public financial knowledge PK competition to help the public understand financial knowledge through a funny quiz.
- CMB in collaboration with *People's Daily* new media created the special report “We Must Proceed Rapidly in Times of Need, with 30.65 million views and interacting with 3.2 million customers.
- We founded an interesting popular science column called “Millionaire Investment Courses” to interpret the economic principles behind hot issues in the society, which has grabbed the attention of young people and enjoyed great popularity.
- In addition, we updated the “Sunflower on the Move” mini-program to help users learn financial knowledge anytime, anywhere and easily keep abreast of market dynamics.

[Case] Lanzhou Branch established “beef & noodles” bases to promote financial education for local people

Combining the delicious food with local cultural characteristics in Lanzhou City, the CMB Lanzhou Branch and the Lanzhou Central Sub-branch of the People's Bank of China jointly established the “Beef & Noodles restaurants for financial knowledge publicity”, and carried out a long-term campaign through various means, such as setting up financial knowledge billboards, placing financial knowledge tissue boxes, and distributing financial knowledge books on site. By the end of 2021, a total of 40 Beef & Noodles restaurants for financial knowledge publicity had been established, and received high praises from Lanzhou citizens.



A publicist engaged in public welfare education program was patiently explaining financial stories to children and their family



Live-streaming anti-financial fraud publicity at the Dongguan Branch



Anti-financial fraud leaflets from the Guiyang Branch

5.5.2 Guarding Financial Security for the Elderly

Based on the “four ones” activity system, CMB carried out the special activity of “Happy Sunset Public Welfare Financial Education” to help elderly customers in real life.



Offering a customized financial book in large font size for elderly customers



Collecting excellent cases that pass on “positive energy”



Providing a series of high-quality, convenient and exclusive services



Linkage with an elderly group to carry out in-depth activities

We offered a customized version of the book entitled *Happiness and Wisdom Treasure* in a large font size for elderly customers. The book introduces interesting scenario-based stories to explain financial risks, popularizes the methods to obtain convenient financial services, and enhances elderly customers' financial decision-making power, risk prevention awareness and financial knowledge.

CMB launched an event to collect classic cases about “delivering best services for elderly and young customers” throughout the bank. The classic cases were reported to the public through WeChat, Douyin (TikTok) and other channels, with millions of views. In this way, CMB constantly gave play to the demonstration effect of advanced role models.

CMB constantly promoted elderly-oriented reform, provided convenient service facilities and supplies such as reading glasses and thin blankets, set up barrier-free paths outside outlets and publicized service hotlines. In the business hall of some business outlets, certain windows were opened to special customers so that they could enjoy priority services. Moreover, we fully respect the habits of elderly customers and reserve paper passbooks, certificates of deposit, etc.

Based on network publicity, all branches actively linked with colleges/institutes for elderly people, nursing homes, communities and the bureau of retired veteran cadres to carry out diversified offline activities according to their real needs.

- **Offering a customized financial book in large font size for elderly customers:** We offered a customized version of the book entitled *Happiness and Wisdom Treasure* in a large font size for elderly customers. The book introduces interesting scenario-based stories to explain financial risks, and enhances elderly customers' financial decision-making power, risk prevention awareness and financial knowledge.
- **Collecting excellent cases that pass on positive energy:** CMB launched an event to collect classic cases about "delivering best services for elderly and young customers" throughout the bank. The classic cases were reported to the public through WeChat, Douyin (TikTok) and other channels, with millions of views.
- **Providing a series of high-quality, convenient and exclusive services:** CMB constantly promoted elderly-oriented reform, provided convenient service facilities and supplies such as reading glasses and thin blankets, set up barrier-free paths outside outlets and publicized service hotlines. In the business hall of some business outlets, certain windows were opened to special customers so that they could enjoy priority services. Moreover, we fully respect the habits of elderly customers and reserve paper passbooks, certificates of deposit, etc.
- **Linkage with an elderly group to carry out in-depth activities:** Based on network publicity, all branches actively linked with colleges/institutes for elderly people, nursing homes, communities and the bureau of retired veteran cadres to carry out offline activities according to their real needs.

In terms of carrying out in-depth activities with an elderly group, Shenyang Branch went to Shenyang Community Elderly Care Service Station, replaced propaganda with "happy gathering" by providing salon classes, case sharing, and an interactive Q&A prize activity for elderly customers. The branch also established more than 50 public welfare WeChat groups to share exclusive financial knowledge and services for nearly 10,000 elderly customers aged over 55. Qingdao Branch cooperated with Laoshan District College for Elderly People to carry out the education and publicity activity "Class for Elderly Students". The lecturers carried out a one-to-one explanation for those elderly students, introduced the financial convenience services commonly used by the elderly, popularized the methods to identify illegal financial activities, and continuously improved the financial literacy of elderly people.



Shanghai Branch promoted face-to-face interaction with elderly customers, and explained financial knowledge on site



Chongqing Branch publicized financial knowledge among elderly customers

VI. Growing with Employees

Introduction

Unleashing the limitless potential of all employees is the key for organizations to effectively promote their own vigorous development. Adhering to the concept of “let employees become their own master” and “valuing employees over assets”, CMB strives to provide employees with a competitive salary and welfare system, a fair and smooth promotion channel and a scientific and perfect training system. We spared no effort to build a highland for the development for high-quality talents, and provided sufficient power to promote the healthy career development of employees. At the same time, we launched the “CMB Ten Instructions for Clean and Simple Management”, provided methodology for managers to implement “Clean and Simple Work Codes”, and built an inclusive working environment where employees are listened to and appreciated.

SDGs	Our Actions
 3 Good Health and Well-being  4 Quality Education  5 Gender Equality  8 Decent Work and Economic Growth 	<ul style="list-style-type: none"> We formulated various special management measures and systems covering interns, campus recruitment, social recruitment and labor contracts; built the best employer brand through multiple channels and ways, and constantly attracted high-quality talents. We optimized the two different career paths for employees who pursue managerial roles and those who look to develop in-depth technical expertise; established backup talent pools, and allowed employees to be their own master. We provided refined training sessions for all employees, and continuously improved the all-round employee training system. We advocated the philosophy of “happy work and healthy life” among employees, and created a comfortable, high-quality and friendly office environment for employees. Focusing on the “leadership building for managers”, we launched the “CMB Ten Instructions for Clean and Simple Management”. We built the Engagement-Satisfaction model, and completed the 2021 Employee Satisfaction Survey with high quality.
	Our Achievements
	<ul style="list-style-type: none"> We got 9,662 new hires, and had a total of 103,669 employees (including expatriate employees). 27,000 employees got promotion in the professional path. We created over 2,200 backup talent pools. The data of nearly 140,000 employees was entered into the pools.

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| | <ul style="list-style-type: none">• We carried out 7,202 employee training sessions, which attracted 76,972 participants. The per-capita learning time of employees reached 75.36 hours.• Our intelligent “Eggshell” platform for opinion collection had more than 24 million views, and more than 2.1 million user interactions.• Employee satisfaction reached 8.47 points (out of 10 points) and engagement was 79.8% (out of 100%), both of them hit a new record |
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6.1 Attracting Top-notch Talents

In accordance with the *UN Guiding Principles on Business and Human Rights*, the *Equal Remuneration Convention* and other international conventions for the protection of human rights, as well as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other national laws and regulations, CMB has formulated various special management measures and systems covering interns, campus recruitment, social recruitment and labor contracts.

6.1.1 Recruitment and Employment Management

CMB is committed to eliminating discrimination based on gender, age, nationality, family status, religion, sexual orientation and social origin in recruitment and employment, and strictly prohibits discriminatory descriptions in external recruitment announcements. Meanwhile, we also eliminate discriminatory practices in the actual recruitment process, in order to form a diversified talent team. We strictly control recruitment, and the Head Office is responsible for the centralized management of recruitment. CMB signs a labor contract with each employee, and there is no forced or compulsory labor. In order to prevent the occurrence of child labor and forced labor, we review the age and background of candidates at the resume screening stage. They will be screened out if they do not comply with relevant laws and regulations.

We spare no efforts to become the best employer. Through “online + offline” three-dimensional and all-round publicity, we have adopted short videos and long texts with pictures which have great appeal to young groups, in order to attract more excellent talents to join us. We take campus recruitment as the main recruitment method, and social recruitment as supplement. Our recruitment channels mainly include resume submission via the official website and employee referral. In addition, we actively recruit retired soldiers and retired firefighters, and formulate a recruitment plan for retired soldiers in June every year.

Intern program	<ul style="list-style-type: none"> We teamed up with Tsinghua University, Peking University, Renmin University of China and Southern University of Science and Technology respectively to establish four intern programs, which are “Shuimu”, “Boya”, “Truth-seeking” and “Innovation Seeking”. In 2021, we recruited a total of 2,594 interns.
Campus recruitment	<ul style="list-style-type: none"> Focusing on the theme of “Bank Your Dream”, we continued the campus recruitment program. The Head Office has carried out the management trainee recruitment program for 16 consecutive years. Our interesting interview methods and efficient recruitment procedure have become the benchmark of the talent market.

	<ul style="list-style-type: none"> • We continued to carry out fintech training camp for financial elites. The three-day immersive summer camp enables students to experience advanced fintech related products, learn cutting-edge courses, and participate in discussion of hot topics. It enables us to recruit top-notch talents with STEM (science, technology, engineering, Mathematics) professional background at home and abroad in advance, with student satisfaction rate exceeding 98%.
Internal recruitment	<ul style="list-style-type: none"> • We continued the “Talent Seeker” employee referral program to encourage employees to recommend excellent talents internally. In 2021, a total of 98 employees successfully recommended 201 outstanding talents to join the Bank.

During the recruitment process, we conducted a personality test (emotional propensity index) on the candidates. The test originated from the Saville Assessment Wave model, which is recognized as the most reliable and effective personality evaluation in the world. We selected some desirable characteristics to construct the personality test according to CMB's needs and requirements of talents, and developed tailored evaluation programs.



Fintech training camp for financial elites



CMB Autumn Job Fair

[Case] Wenzhou Branch cooperated with universities to encourage college students to carry out social practice

In 2021, Wenzhou Branch teamed up with Nanchang University, Wenzhou University, Hangzhou Dianzi University, Wenzhou University of Technology, Wenzhou-Kean University and other universities for employment practice cooperation; held five rounds of “Dream Factory” intern training camps during the summer vacation, carried out the four-in-one training project of “theoretical learning + on-the-job practice + subject research + career exploration”, and provided 40 college students with social practice opportunities to improve their comprehensive ability. In addition, the branch also developed two career planning courses according to the characteristics of contemporary college students, and held public welfare lectures in Hangzhou Dianzi University and Wenzhou University to enhance students’ career cognition.

6.1.2 Remuneration and Welfare Management

CMB adheres to the principle of equal remuneration and welfare for men and women, and gender is not a factor affecting the remuneration and welfare of employees. In the meanwhile, we have paid close attention to the remuneration and welfare for employees of different genders in the annual remuneration analysis report, and no abnormality was found.

Our remuneration and bonus system includes two parts: salary and bonus. The salary includes post salary and regional salary, which are fixed and paid on a monthly basis. The bonus includes monthly bonus, quarterly bonus and annual bonus, which are linked to the performance and contributions of employees, and may fluctuate from time to time. We adjusted the post salary standard according to the market situation and provided competitive remuneration for employees.

6.1.3 Human Capital Analysis

CMB regularly carried out human capital risk assessment and analysis, analyzed the personnel structure and personnel efficiency, and formulated the personnel budget according to the analysis results.

We adopted the personnel analysis method in our work, in order to analyze the personnel structure and efficiency and achieve more accurate staffing. Specifically, in terms of the total number of personnel, we established a multi-dimensional evaluation model to verify the total number of personnel based on business development objectives and personnel efficiency, taking full account of new organizations, regional differentiated development and other factors. In terms of personnel structure, we closely focused on business orientation, quantitatively calculated the personnel required for key posts according to factors such as the number of customers served and the scale of customers, combining with personnel efficiency.

In terms of monitoring employee turnover, the human resources report developed by CMB can monitor the employee turnover rate in real time. The human resources department of the Head Office will analyze and report resignation rate to the Head Office each month. If the employee turnover rate is obviously abnormal year-on-year, it will timely notify the relevant person in charge to pay attention to talent retention. In the meanwhile, the Head Office will monitor the resignation rate of branches through patrol and audits on a regular basis.

6.2 Providing Clear Career Paths

CMB established two different career paths for employees who pursue managerial roles and those who look to develop in-depth technical expertise. Such dual career paths gave more choices and flexibility to employees regarding career development. It also helped us build strong backup talent pools. We encouraged employees to choose jobs and develop careers based on their own wills.

Managerial path	<ul style="list-style-type: none"> • We established the principles of “seven standards” and “three priorities” for the selection of managers, and established a crisscrossed and regular mechanism for management exchanges • We ensured that managers were selected in an open and fair manner, gave more trust to young people, and vigorously promoted competition-based selection.
Technical path	<ul style="list-style-type: none"> • We established the full-coverage and differentiated paths for technical advancement and encouraged employees to vertically develop their technical expertise; ensured employees on the paths at the same level receive the same treatment; and built an “expertise-oriented” culture in an all-around way, so that experts can be respected and professionals can create more value. • In 2021, we guided the centralized management department of professional path to evaluate employees objectively, fairly and reasonably from the two dimensions of specialty and performance; formulated individualized plans, gave more resource support to professional paths that are align with CMB’s strategy, and kept the number of people with different positions in different departments at the same ratio. We promoted differentiated incentives, maintained the relationship between organizational performance and personal performance and special promotion policies, and strengthened the “ability to work” to ensure the vitality of the team; improved the talent counting mechanism, and promoted the orderly development of talent team through the construction of professional path. • In 2021, a total of 52,000 employees took part in our professional path assessment, and 27,000 people were promoted.
Backup talent pools	<ul style="list-style-type: none"> • As the horizontal employee development mechanism, the backup talent pools are designed to build an important platform where employees can choose posts and study independently, and various specialized teams can be developed. • In 2021, we updated the courses related to big wealth management, optimized the backup database system, and realized registration via

	<p>code scanning on the mobile terminal. In the meanwhile, we publicized backup talent pools on the “Eggshell” platform to correctly guide employees’ career development from multiple dimensions.</p> <ul style="list-style-type: none"> • We have created over 2,200 backup talent pools, with a total of nearly 180,000 participants. Nearly 140,000 employees were registered in the database, and over 27,000 of these employees were transferred to new positions.
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In terms of team building and talent reserves, we adhered to the big wealth management strategy; and continuously deepened the connotation of high-end talent development programs such as “Young Eagle Plan”, “Seal Plan”, among others, which promote mobility and specialized development of talents.

“Young Eagle Plan”	<ul style="list-style-type: none"> • Adhering to CMB’s strategy, we sent 135 key employees to attend “Big Wealth Management Special Session.” • We implemented strict process management, reviewed candidates before dispatch and strictly checked the candidates’ education, work experience, interview evaluation and background investigation; implemented the supervision and mentoring system after dispatch, and tracked the evaluation of trial employment period and performance during the dispatch. The expiration arrangement process was started three months before the expiration of the assignment. The whole-process online review and approval was realized with the help of the system. • In 2021, we added three new subsidiaries as the exchange institutions for the “Young Eagle Plan”, completed post-expiry arrangements for 229 participants that took part in the “Young Eagle Plan”. 92 participants stayed in the exchange institutions, 97 returned to their local offices at the expiration of the period, and 12 extended the exchange period.
“Seal Plan”	<ul style="list-style-type: none"> • In 2021, we sent 74 key trainees to other organizations, and carried out 84 exchange programs in branches; and we sent a total of 883 personnel to attend exchange activities, up 61% YoY. • In 2021, we added 6 new cooperative institutions, and established a backup talent pool for the “Seal Plan”, with the data of over 1,200 people being entered into the pool.

In terms of performance assessment, we adopted a two-dimensional performance appraisal model to comprehensively evaluate the performance and ability of employees, and attached equal importance to the contribution made by employees and the career development of employees. In 2021, we constantly optimized the closed-loop work of the whole-process performance management, effectively implemented goal setting, process guidance, performance evaluation and result communication, and prompted quarterly and annual performance communication in a timely manner, in order to realize online operation of the whole process of performance management, and improve the performance management level of the Bank.

6.3 Cultivating All-round Talents

While promoting and deepening the construction of talent training system, CMB also constantly presented innovative training content and training modes to ensure good talent cultivation results. In 2021, we provided refined training sessions for all employees, actively carried out practices, and further improved the all-round employee training system covering different employees and business sectors.

Training for new employees	<ul style="list-style-type: none"> • We upgraded the uniform training mode into a comprehensive training mode that integrates centralized training, remote conferencing and open classroom, and adopted digital means to ensure good training effect. • Focusing on culture and values, we actively introduced innovative teaching methods from multiple perspectives, designed “CMB cultural experience tour”, and guided employees to gain a deep understanding of their own development and organizational culture. • In 2021, the Head Office organized centralized new employee training sessions for 1,928 new employees in 38 branches and 20 departments of the Head Office, and the training scale increased by 74.5% from last year.
Specialized technical training	<ul style="list-style-type: none"> • We designed an integrated across-department curriculum system, and enhanced customized training courses and specialized learning system, in order to stimulate employees' learning motivation in an all-round way. • In 2021, we focused on the big wealth management value chain, built learning maps for 13 relevant posts in 7 categories, developed 341 courses in total, and helped more than 20,000 employees in the bank receive systematic and fast professional ability training. • We organized the “Dream 8:00”, “Dream Sleepless Night”, “Fire Program”, <i>CMB E Newspaper</i>, intelligent “Eggshell” platform and other activities, which were mainly held in the forms of livestreamed high-quality content sharing, innovation training camp and innovation competition, to enhance employees' technological innovation ability.

Leadership training	<ul style="list-style-type: none"> • Taking “strategy, culture and team leadership” as the core issues of training plans, we established a closed-loop learning system that covers “pre-evaluation”, “online learning”, “centralized learning and discussion”, “on-the-job practice” and “post-evaluation”. • We established a regular manager training system featuring CMB elements and light-operation, and promoted refined leadership training at different levels. • We organized “Young Leader Training Program”, “Golden Lion Plan (金狮计划)”, “Golden Seed Plan (金籽计划)”, and other leadership training projects. Specifically, we adopted the mixed training mode of “online + offline + learning through practice” for “Golden Lion Plan” and “Golden Seed Plan”, and optimized courses for big wealth management. • In 2021, the Head Office carried out 29 rounds of training for managers at all levels, empowering 1,194 managers.
Training for administrators	<ul style="list-style-type: none"> • We formulated the <i>Guidelines for Training Administrators of Branches</i> to empower the training administrators. • By establishing the training administrator exchange platform, we accumulated successful management experience and set a benchmark for training administrators.
Training for part-time trainers	<ul style="list-style-type: none"> • A “dual path empowerment” system was established. The system not only served as a “professional/ or specialized talent training system” to improve the professional skills of part-time trainers, but also served as the “5+1 advanced training system” to improve their teaching skills while improving their professional skills and teaching ability. • We provided a digital service platform and built an efficient performance empowering training mechanism that combines “offline practical training and online learning plan”.



Training for new employees of CMB in 2021

[Case] Changsha Branch strengthened the cultivation of talent echelon

In 2021, Changsha Branch strengthened the cultivation of talent echelon, continued to improve the “Peace Elite” project, which was launched to enhance the professional capability of grassroots account managers, and the “Kindling Plan (火种计划)” to strengthen new apprenticeship and new employee team building.

The “Peace Elite” project focuses on the “combination of competition and training”. Different positions starting from “stubborn black iron” to “biweekly ace” can be set according to the account manager’s own situation. Different positions are provided with different incentives. The game experience makes the training more interesting and targeted, and can help account managers master the basic knowledge for small enterprises.

Focusing on “accompanying growth”, the “Kindling Plan” provides trainees with one-to-one paired “team tutor” and “professional tutor” for real-time follow-up and instructions, and sets learning checkpoints at key nodes. New employees can successfully complete the course study after finishing the tasks of various modules, and effectively improve their professional ability.

[Case] Yantai Branch carried out innovative leadership training for middle-level managers

In 2021, Yantai Branch held two 5-day leadership training sessions for middle-level managers. The training courses, which integrate theoretical knowledge training, big wealth management value chain, whole process performance management and other contents, helped managers fully understand strategic development directions, passed on management skills and methods, and improved their comprehensive management ability. After face-to-face courses, group discussions and completion achievement reporting activities were added to further improve the learning effect of managers.



The reporting section in a leadership training session for Yantai Branch’s middle-level managers

[Case] Shanghai Branch carried out “Better Your Best Program (青蓝计划) ” to help new employees make progress

The “Better Your Best Program” is an exclusive growth plan of Shanghai Branch for new employees in the branch’s retail department. The program also consists of “Teaching Paradigm”, “Accompany Talk Honor System”, “Dream Fulfillment Plan” and other plans to help new employees quickly get familiar with their jobs and improve their business skills. By 2021, CMB had carried out 6 rounds of “Better Your Best Program” and trained 1,056 new retail employees. At present, 47.9% of the branch’s front-line retail account managers have participated in the “Better Your Best Program”, and the annual capacity of these employees is about 75-80% of the experienced account managers in the same position.



“Better Your Best Program” Apprentice Recruitment Ceremony of Shanghai Branch

[Case] Wuxi Branch provided “exclusive customized leadership training program” to empower leaders

In 2021, Wuxi Branch set up a new leadership training system and differentiated training programs for leaders at all levels, in order to meet the needs of personalized growth of trainees at different levels.

- High-end Talent Plan: was designed to empower new directors, backup directors and business backbones, improve their leadership, focus on employee guidance and tutoring and personal comprehensive quality, and help them become backbone talents with high performance, high value and excellent ability.
- Forging Action: was designed for managers of the branch. The curriculum can effectively help managers improve creative thinking and creativity, and strengthen their cross-departmental communication and cooperation skills.
- Sword Plan: With the aim of broadening management vision and improving team atmosphere and innovation ability, we enhanced the open and integrated thinking and comprehensive management ability of deputy assistants to middle-level managers.

- **Leading Seminar:** We organized the middle-level managers of departments to study the courses of famous universities and participate in the idea sharing of famous teachers. Focusing on the topics of strategic foresight, fintech frontier, development of management vision and leadership building, they actively discussed the development trend of big wealth management and learned from cross-border benchmarks.

In view of the continuous impact of COVID-19 pandemic, we enhanced employees' experience of using online training tools by developing key modules, updating key applications, etc. We actively introduced various high-quality learning resources to enrich the knowledge system of the online learning platform; established an "open classroom" training sharing mechanism, incorporated business and product policies, knowledge, skills and methods of big wealth management system, and promoted the integration and sharing of knowledge. We held 15 rounds of training for a total of 46,000 employees. In 2021, CMB launched more than 8,000 online e-courses for 95 million employees.

In terms of building an efficient closed-loop training evaluation management system, we established a new curriculum evaluation system, realized the automatic push of comments, and built a feedback mechanism combining conventional evaluation and key evaluation. We incorporated employees' training experience into the performance assessment system, and made use of a series of key indicators such as the coverage rate of induction training for new employees to ensure the organic integration of training at all levels and empower personal growth.

We attached great importance to improving the professional skills of employees and providing them with individualized performance empowerment; recommended employee versatility with strong expertise strength in one field, and encouraged employees to actively sign up for professional qualification certification examinations in other industries. In 2021, we increased the number of recommended professional qualification certifications in other industries to 73, and implemented the incentive policy of "reimbursing employees for each qualification certification obtained". The high-value certificates included Chartered Financial Analyst (CFA), Financial Risk Manager (FRM) and Certified Public Accountant (CPA), etc., and 881 employees received a total of RMB 5.99 million reimbursements in 2021. In addition, we attached great importance to sharing high-quality resources, actively cooperated with external institutions, and provided multiple channels to promote employees' growth.

In 2021, we also cooperated with some external companies to carry out cross-industry training and education projects, such as the "Excellent Account Managers Visit Huawei" seminar organized by the wealth management department, and the "Power of Role Model", which is an excellent business backbone empowerment training

course organized by CMB Financial Headquarters. Moreover, the product operation training course organized by the information technology department effectively helped employees expand their horizons and learn from the best practices in the industry.

Partner organization	Cooperation orientation
DDI	CMB joined hands with DDI to develop customized curriculums and implement management projects, designed the core theoretical framework of the curriculum according to real business activities and business scenarios, introduced diversified interactive teaching methods and implemented corresponding management training projects.
Renmin University of China	CMB invited experts and scholars from various fields such as national policy interpretation, macroeconomic situation analysis, leadership and execution, human resource management, enterprise strategic transformation, stress management and workplace communication, and new economic momentum, to design and teach courses according to the actual needs.
Huawei Global Training Center	According to the needs, CMB carried out teaching activities on the theme of Huawei's organizational culture building.

6.4 Friendly Workplace Environment

Promoting employee health and well-being is the top priority in the daily operation and management of CMB. We strive to create a safe working environment, where employees can work happily and make concerted efforts to promote the sustainable development of the company.

6.4.1 Employee Health, Safety and Welfare

CMB advocates the philosophy of “happy work and healthy life” among employees, and is committed to creating a comfortable, high-quality and friendly office environment for employees.

Optimizing office environment	<ul style="list-style-type: none"> • We installed non-toxic, harmless and ergonomic office furniture and electronic equipment to protect employees' health. • We upgraded old facilities, set up air quality monitoring equipment, thoroughly cleaned air conditioning pipes on a regular basis, and optimized the air quality of office space. • We carried out food safety inspection, training and drills on a regular basis, improved management standards and comprehensively ensured food safety. • In 2021, we carried out 6 property safety inspections, rectified 93 potential safety hazards.
Effective response to the pandemic	<ul style="list-style-type: none"> • The Head Office has implemented staggered work hours and commuting for regular employees, and allowed other institutions to make their own arrangements according to the real situation. • A "smart visitor system" was established to strengthen visitor management. • Daily disinfection and regular nucleic acid detection were organized to ensure the safety of office environment.
Publicizing safety knowledge	<ul style="list-style-type: none"> • Three rounds of "fire prevention, disaster prevention and accident prevention" publicity activities were carried out online and offline, and more than 2,300 publicity materials were distributed to help employees comprehensively deepen their safety awareness.
Improving non-wage (non-financial) benefits	<ul style="list-style-type: none"> • CMB has actively responded to China's new birth policy, granted the maternity leave according to the requirements of each region, and paid normal remuneration and benefits to employees during the maternity leave. • We promote the construction of "Care Room for Female Employees" in the Bank, and effectively protect the rights and interests of female employees. • Since 2001, CMB has established and operated annuity system for nearly 20 years in accordance with the requirements of laws and regulations and combining with the actual situation. • We provide holiday gifts, physical examination service, short-term group life insurance, serious illness insurance, supplementary medical insurance and other benefits for retired employees.

[Case] “Let’s Explore Diverse Cuisines and Draw a Map with Signature Food Together”

In 2021, we launched the employee care activity of “Let’s Explore Diverse Cuisines and Draw a Map with Signature Food Together”, encouraging employees to explore local delicious food and beautiful stores, and share pictures and videos about them anytime and anywhere via the mini-program “CMB Gourmet (招行饕客)” on Zhao Hu (招乎) platform, so as to create an internal mall where employees can easily buy local authentic and scarce delicious food. In this way, employees will draw distinctive CMB maps with signature food (in the provinces and cities where branches and subsidiaries are located) and share delicious food, beautiful stores, gourmets and food map within the bank. During the activity, employees fully implemented the life concept of “eating healthily and healthy life” and showed the lifestyle of gourmets.

[Case] Paying close attention to employees’ mental health

Mental health is an important aspect of employee health management. We provide employees with diversified lectures on mental health to help them deal with psychological pressure at work and life and create a comfortable working environment.

- **Xining Branch:** held a mental health training course, and invited teacher Dong Rufeng, a member of Beijing Association for Mental Health, to give a lecture to 180 employees on site. The aim was to help employees correctly understand their own feelings and others' emotions, master effective schemes for stress relief, learn emotion management, establish a harmonious team and improve work efficiency.
- **Guangzhou Branch:** held a mental health lecture and invited Zhong Zhiyong, Director of the Department of Psychiatry of Third Affiliated Hospital of Sun Yat-sen University, to teach more than 30 employees how to identify depression and anxiety and analyze the source of stress. In this way, the branch helped employees correctly identify and regulate stress, and master the skills to manage emotions and reduce stress.
- **Singapore Branch:** cooperated with an insurance company to organize online psychological counseling and health lectures for employees, and offered guidance for employees to better deal with the mental pressure and emotional fluctuations encountered during the pandemic period.
- **Hong Kong Branch:** launched a series of “We Care” activities, and invited professional teams to provide meditation and massage services for employees in their offices, in order to effectively relieve employees’ fatigue and pressure.

[Case] Family Day activities strengthened the bond between CMB and employees and their families

We actively held various forms communication activities for employees' families to strengthen the communication and exchange between CMB and employees and their families.

- **Ningbo Branch:** To celebrate the Mother's Day in 2021, Ningbo Branch organized the characteristic corporate culture activity of "Being a Guest with CMB and Bringing Love Home", and spent a loving festival with the family members of 21 employees and the employees participating in the cloud-based livestreaming program. The activity consisted of four parts: "Visiting CMB", "Dialogue with CMB", "Go with CMB and Your Love (有招有你为爱 GO)" and on-site communication. In the "CMB and Your Love" section, four interactive games were designed for employees' families, in order to build a communication bridge between employees and their families in a relaxed, lively and educational atmosphere.
- **Nanchang Branch:** carried out Family Day activity in the form of outdoor parent-child interaction, specially designed the interaction section of "CMB family letter", and invited employees to experience equestrian, shooting, jungle exploration and other wonderful activities with their families.



The Family Day activity for employees in Ningbo Branch

[Case] Beijing Branch set up a leisure zone and baby care room

The Beijing Branch set up a leisure zone with comfortable furnishings for employees on each floor of its Fuxingmen office area, in order to create a comfortable office environment for employees. It integrated multiple functions such as fitness, reception, tea breaks and washroom activities, in order to effectively relieve fatigue and pressure.

In the meanwhile, the branch set up a baby care room equipped with a washing table, a refrigerator, a disinfection machine and other devices in the Yuetan and Fuxingmen office areas, to improve the employee happiness index and extend care to employees. This helped and supported lactating female employees to strike a balance between “work and family” and enhance work and life quality.

[Case] New York Branch enhanced cultural exchanges to promote understanding and tolerance

The New York Branch fully combined local culture and Chinese tradition to create healthy working atmosphere and corporate culture for employees by holding diversified activities.

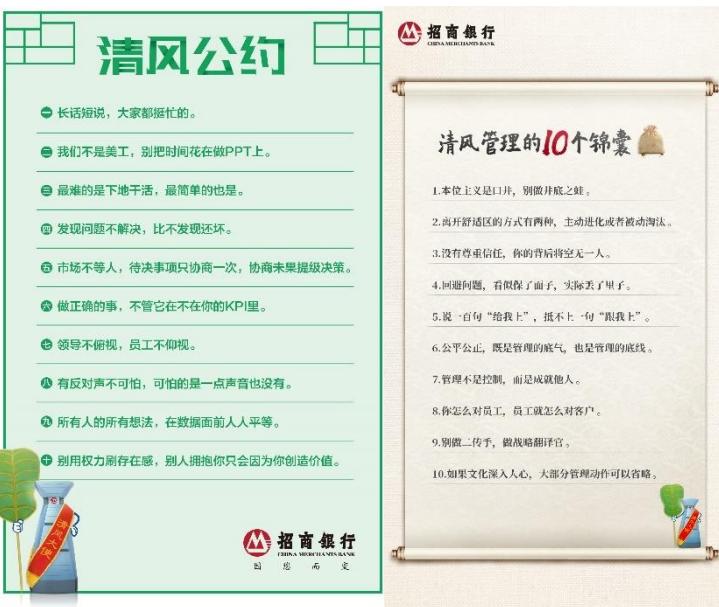
- During the New Year activity, employees of the bank introduced diversified customs of different cultural groups in the world to celebrate the lunar New Year; they made a video, in which employees offered new year greetings in English, Korean, Italian and Chinese dialects and other languages in the world. Chinese and foreign employees celebrated the Chinese New Year together.
- The branch carried out the monthly “Afternoon Classroom” activity for two consecutive years. The learning materials cover the U.S. financial compliance knowledge, anti-money laundering law, ESG and renewable energy, so that employees can fully understand relevant knowledge of local finance in the United States and other fields. In 2021, more than 1/3 of the participants came from different departments of the branch. This greatly promoted cross-departmental exchanges.



Changchun Branch held a billiard competition

6.4.2 Building Corporate Culture

CMB has built the “light culture” featuring “openness, integration, equality and inclusiveness” in an all-around way”. Based on the “Clean and Simple Work Culture”, we focused on the “leadership building for managers”, and launched the “CMB Ten Instructions for Clean and Simple Management”. To better publicize the “Clean and Simple Codes at Work”, we set up a column of “Instructions from Masters of Clean and Simple Management” in the *CMB E Newspaper*, and invited experienced management experts to interpret the instructions one-by-one based on their own practical experience. In the meanwhile, we spread true “clean and simple” stories during corporate culture festivals, celebrations and other activities, and inspired employees to experience and spread our corporate culture.



Clean and Simple Work Codes

1. Speak in a short and simple way. We are all busy.
2. We are not artists. Don't spend too much time making PowerPoint presentations.
3. It's most difficult to roll up your sleeves and work, but it's also the simplest thing to do.
4. Finding a problem and not solving it is worse than not finding it.
5. The market is changing all the time, and it doesn't wait for you. Only discuss things once. If you can't make a decision, tell your boss immediately.
6. Do the right thing, even if it is not related to your KPI.
7. You are not superior to your subordinates; and your bosses are not superior to you, neither.
8. It's okay that there is an objection. It's not okay when there is no objection at all.
9. Everyone's ideas are equal in front of data.
10. Don't use your power to highlight your existence. People like you only because you create value.

“CMB Ten Instructions for Clean and Simple Management”

1. Departmentalism is a well. Don't be trapped by the well.
2. There are two ways to leave the comfort zone: to make progress actively, and to be sifted out passively.
3. Without respect and trust, you will get no supporters.
4. Avoiding problems is the wrong method to save face, you will lose the core/essence.
5. A hundred commands of “Do this for me” are less effective than that one slogan of “Follow me”.
6. Fairness is not only the foundation of management, but also the bottom line of management.
7. Management is not just about control, but helping others to make achievements.
8. The way you treat employees will affect the way they treat customers.
9. Don't mechanically repeat other people's words, but be a strategic translator.
10. If the corporate culture was deeply rooted in the hearts of employees, then most management activities would be redundant.

6.4.3 Protecting Employees' Rights and Interests

CMB respects and fully guarantees the employees' right to know, participate, vote and supervise the enterprise management. We established CMB Employee Representative Congress in 2015, revised and improved the *CMB Employee Representative Congress Management Measures*. According to the Measures, CMB shall elect or replace employees' representatives in the first quarter of each year, and hold employee representative conference every year to discuss and exchange matters related to the vital interests of employees, or to solicit suggestions and requests related to employees' vital interests and care for employees through the *Annual Employee Supervisor Performance Evaluation Questionnaire*.

In 2019, we established the intelligent “Eggshell” platform which allows employees to express opinions freely and reflect problems in an anonymous way and fully protects user information. In 2021, we leveraged the “Eggshell” platform to launch the online sub-venue of the 2021 Work Conference, and organized the Eggshell Round Table to spur employee brainstorming. By the end of 2021, our “Eggshell” platform had more than 24 million views, more than 2.1 million user interactions; a total of more than 400 valuable suggestions were adopted and used for work and procedure optimization, so as to facilitate problem solving and improve management level.

6.4.4 Employee Satisfaction Survey

Since 2015, CMB has carried out an employee satisfaction survey among all employees every year, and built an Engagement- Satisfaction model with distinctive characteristics of CMB, and completed the 2021 Employee Satisfaction Survey with high quality in 2021. The survey results showed that the employee satisfaction rate reached 8.47 points (out of 10 points), and the engagement rate reached 79.8% (out of 100%). Both the satisfaction rate and engagement rate presented an upward trend YoY, and hit a new record in 2021. We paid close attention to employee voices and thoroughly analyzed the survey results, formed one major report and 77 sub-reports, and actively disclosed the survey results and existing problems, so as to provide important reference for subsequent management improvement and improve various work.

VII. Building a Better Society Together

Introduction

In *The 14th Five-Year Plan and Vision 2035 of the People's Republic of China*, China clearly stated that by 2035, people will lead a better life, and more notable and substantial progress will be achieved in promoting well-rounded human development and achieving common prosperity for everyone. Adhering to the principle of being people-centered, CMB earnestly fulfilled its corporate social responsibilities, consolidated and expanded the poverty alleviation achievements for rural revitalization. Fully leveraging the advantages in resources, manpower and technology, CMB deeply carried out public welfare and charity activities, shared development achievements with all the people, made great contributions to promoting social equity and improving people's livelihood, and empowered people to live a better life.

SDGs	Our Actions
 1 No Poverty  2 Zero Hunger  10 Reduced Inequalities 	<ul style="list-style-type: none"> We continued to provide more financial assistance for Wuding and Yongren Counties. Combining the actual situation of the two counties, we adopted innovative assistance measures and means at work, focused on medical, education, industry and other fields, and spared no effort to solve the key livelihood problems faced by people in the two counties. Advocating the concept of “monthly donation” and “happy donation”, we continued to carry out the “More Pleasure from Monthly Donations” program and “Points for Micro Charity” program. We gave full play to the advantages of business outlets, improved financial service ability, and actively shouldered responsibilities in anti-pandemic disaster relief. We paid close attention to education, environmental protection and public welfare fields, encouraged employees to carry out voluntary service activities, and supported the continuous professional development of employee volunteer service.
	Our Achievements
	<ul style="list-style-type: none"> We invested RMB 48.5863 million in financial assistance for Wuding and Yongren Counties, and helped introduce RMB 9.036 million in financial assistance for the two counties.

- We provided training sessions for **2,042** grass-roots cadres at the county, township and village levels in the two counties, **744** rural revitalization cadres, and **3,869** professional and technical talents.
- CMMB acted as lead underwriter to issue **13** rural revitalization bonds for **RMB 10.482** billion.
- In 2021, a total of RMB **3.4318** million was donated via the “More Pleasure from Monthly Donations” platform.
- By the end of 2021, **540 million points** had been donated since the launch of the “Points for Micro Charity” platform, which can be converted into **377,000** social integration classes for autistic children, **2.579 million** free lunches and **295,000** books for children.
- In 2021, the value of CMB's social contribution per share was RMB **14.36**.¹

Note:

1. The calculation formula is as follows: Value of social contribution per share = Basic earnings per share + (Various taxes paid + Employee expenses + Interest expenses + Total amount of charitable donations) / Total share capital of ordinary shares at the end of the period.

7.1 Promoting Rural Revitalization

After China scored a complete victory in poverty alleviation and building a well-off society in an all-round way, the year of 2021 is the first year for China to seize the momentum and start a new journey of building a modern socialist country in an all-round way. In this year, China also consolidated and expanded the achievements of poverty alleviation to effectively promote rural revitalization. CMB actively implemented various requirements during the transition period of poverty alleviation, continued to provide more financial assistance for Wuding and Yongren Counties. In this way, the smooth transition from concentrating resources to support poverty alleviation to consolidating poverty alleviation achievements and comprehensively promoting rural revitalization was gradually realized.

7.1.1 Strengthen Leadership

Adhering to the principle of “Never Decoupling in Poverty Alleviation”, CMB continues to improve the top-level work design after successfully helping Wuding and Yongren counties eradicate poverty, so as to systematically ensure the smooth development of rural revitalization.

Improving the working mechanism	CMB further improved the organizational structure, decision-making mechanism and working system for the Leading Group of Designated Poverty Alleviation. The Head Office Leading Group of Designated Poverty Alleviation optimized the working conference mechanism for part-time poverty alleviation cadres in charge of financial assistance, and investigated the difficulties in consolidating poverty alleviation achievements in the two counties.
Developing a work plan	CMB formulated the <i>CMB Poverty Alleviation and Rural Revitalization Plan 2021</i> , explored and established a long-term mechanism to eradicate poverty, effectively coordinated the designated financial assistance of the Head Office and the targeted financial assistance of the branches, and clarified the guiding idea, main objectives and specific measures for poverty alleviation.
Caring for poverty alleviation cadres	CMB formulated the <i>CMB Measures for the Management of Poverty Alleviation Cadres in Wuding County and Yongren County (Sixth Edition)</i> , with the aim of ensuring that poverty alleviation cadres can get proper work funds, performance evaluations and benefits, and effectively maintaining the stability of the poverty alleviation cadre teams. In 2021, we sent two deputy county-level cadres for poverty alleviation and one village first secretary to the two counties.

Conducting field research	From November to December 2021, the President of CMB and the Vice President in charge of poverty alleviation work made a special trip to the two counties to investigate the actual implementation results of consolidating poverty alleviation and promoting rural revitalization in the two counties.
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7.1.2 Increasing Financial Assistance

In 2020, CMB invested RMB 48.5863million in financial assistance for these two counties, and helped introduce RMB 9.036 million in financial assistance for the two counties.

Financial Assistance for Rural Revitalization	2021
Total financial assistance provided to Yongren and Wuding Counties (RMB ten thousand)	4,858.63
Total financial assistance provided by CMB to Wuding County (RMB ten thousand)	2,667.35
Total financial assistance provided by CMB to Yongren County (RMB ten thousand)	2,191.28
Total financial assistance introduced by CMB to Yongren and Wuding Counties (RMB ten thousand)	903.6
Total financial assistance introduced by CMB to Wuding County (RMB ten thousand)	458.2
Total financial assistance introduced by CMB to Yongren County (RMB ten thousand)	445.4

Industry revitalization	<ul style="list-style-type: none"> CMB directly invested in 10 industrial poverty alleviation projects (agricultural demonstration parks, industrial training, job transfer, red tourism etc.) in the two counties. CMB introduced 12 poverty alleviation projects for the two counties, covering healthcare, education, agriculture, talents and other fields.
Talent cultivation	<ul style="list-style-type: none"> CMB provided training sessions for 2,042 grassroots cadres at the county, township and village levels in the two counties, 744 rural revitalization cadres, and 3,869 professional and technical talents.

Cultural revitalization	<ul style="list-style-type: none"> CMB preliminarily explored promoting rural cultural revitalization from eight aspects for the Yi people that included embroidery training and employment, embroidery innovation, forming embroidery cooperatives (associations), embroidery exhibitions, the poverty alleviation workshop, and the Children's Choir as well as the "CMB Inclusive Benefits Project". We carried out the "CMB Blind Bag" project of eliminating poverty through Yi embroidery cultural development and consumption, the "Double 100" training for Yi embroidery masters, and the Yi embroidery skills training project. This successfully helped 3,680 embroidery women find employment and increase their income while still plying their skills and not leaving their hometowns. CMB continued to carry out the "CMB Inclusive Benefits Project", combined the "distribution of brochures + artistic performance shows + Q&A quiz" methods to publicize financial knowledge.
Ecological revitalization	<ul style="list-style-type: none"> Focusing on compulsory education, basic healthcare, poverty alleviation through consumption, industrial development, housing security, living environment and living facilities, CMB carried out a series of poverty alleviation (or financial assistance) project that were implemented, and explored building 9 demonstration villages for rural revitalization.



CMB "Double 100" & Skills Training for Cadres of rural revitalization villages (communities) in Wuding County



A labor transfer and employment training organized by the Women's Federation of Yongren County and CMB, enabling local people to ply their skills in their hometowns

7.1.3 Innovative Poverty Alleviation Practices

Combining the actual situation of the two counties, CMB constantly adopted innovative measures and methods to solve the key livelihood problems faced by people in the two counties.

Promoting poverty alleviation through smart healthcare

Based on the “CMB Rural Clinic”, we increased financial assistance for poverty alleviation through healthcare, explored establishing a three-level healthcare poverty alleviation system covering counties, townships and villages, removed the hidden hazards of rural clinic rooms and the lack of basic diagnosis and treatment equipment. We also strengthened medical skills training for rural doctors, alleviated the shortage of grass-roots doctors and improved the service capacity of rural clinics. In addition, we improved the completion rate of basic public health, and increased the income of rural doctors. This enabled grass-roots people to be able to cover their medical expenses, get good treatment, improve their health conditions, and effectively helped to prevent them from falling back into poverty due to illness.

In 2021, we donated money to build 58 CMB Rural Clinics (a total of 128 CMB Rural Clinics have been built, including 19 CMB Smart Rural Clinics), the CMB Nuclear Magnetic Resonance Room and the CMB Hemodialysis Room in county-level hospitals, and extracted project income to establish the CMB Rural Clinic Development Fund. Additionally, we continued to provide professional skills training for rural doctors and medical assistance for poor people in need.

[Case] Intelligent technologies empower targeted poverty alleviation through healthcare

Through in-depth investigation of the medical status in the two counties, we used advanced technologies to explore the mode of poverty alleviation through smart healthcare. By donating money to build the CMB Smart Rural Clinics, we expanded the scope of modern medical diagnosis and treatment, installed new clinical diagnosis and remote consultation equipment, and spared no effort in solving difficulties in the two counties, such as lack of convenient medical service access for more than 200,000 people, low income of rural doctors, poor diagnosis equipment and generally poor medical resources. CMB effectively leveraged intelligent technologies to empower targeted poverty alleviation through healthcare.

- **IoT equipment monitoring system:** It can collect real-time statistics on the equipment usage in CMB Smart Rural Clinics, and analyze the service situation through data.
- **Clinic health management system:** It can give out automatic early warning for emergency treatment, and help doctors make diagnoses more quickly; intelligently analyze the development trend of diseases according to historical data, and promptly inform rural doctors and patients of the time of follow-up visits; support the public health physical examination for the elderly, and improve the income of rural doctors.
- **Public health intelligent collection system:** It can realize paperless recording and input in the whole medical treatment process, and synchronize the electronic file to the provincial public health platform with just one click; automatically classify the health status of villagers according to abnormal indicators, and assist rural doctors in managing patients with potential risks.
- **Telemedicine consultation collaboration network:** It enables villagers to apply for remote diagnosis, treatment and consultation from a better equipped hospital through the mobile terminal and fixed audio/ video equipment terminal, and directly consult with doctors from the better hospital without leaving their village. In addition, it can be used for remote teaching of diagnostic skills for village doctors and holding telemedicine meetings.
- **Big data monitoring platform for poverty alleviation through healthcare:** It can make real-time statistics, switch and view the age distribution, total number of visits, abnormal data statistics, number of participants in annual physical examinations and trends, abnormal examination dynamics and other data of rural residents in the county.

Promoting all-around poverty alleviation through education

We actively investigated the educational pain points in the two counties, thoroughly summarized the experience, effects and shortcomings of the “2+6 holistic help” model for poverty alleviation through education, gradually shifted the focus of poverty alleviation through education from hardware investment to software assistance, focused on student allowances and faculty training, and strived to retain excellent students and cultivate excellent teachers for the two counties.

- CMB donated money to build 4 CMB Love Canteens, 3 CMB Love Pools and 117 CMB Water Purifiers to improve the quality and safety of meals and drinking water for teachers and students.
- We helped 54 primary and secondary schools build 108 basketball teams, donated money to build 88 CMB basketball courts, and provided 2 sets of customized CMB Golden Sunflower Basketball Team sportswear for each team member, and improved the comprehensive quality of students.
- In 2021, we donated money to build a new CMB Hope School (31 have been built and donated thus far) and 5 new dream classrooms (11 dream classrooms in total) along with 240 book corners in the classrooms of primary and secondary schools, and 19 CMB kindergarten picture book libraries.
- We launched the CMB Teaching & Education Scholarship program. The teaching scholarships consist of quality awards, teacher awards and competition awards. The program is designed to reward teachers, head teachers and principals of all preschool, primary and junior high schools in the two counties, with an annual total of RMB 7.4 million donated. The education scholarships include awards for students with excellent performance in college entrance examinations and high school entrance examinations, progress and competition awards, as well as “1+1” pairing and “four types of students” funding for employees, covering pre-school, junior high school and university students in the two counties.
- We attracted/ introduced the famous principal’s education team from Fujian Province, fundamentally solved the underdeveloped teacher management concepts and systemic problems.
- In addition, we also carried out the Double 100 training for famous principals and teachers, and selected talents to have on-the-job internships at famous schools.

Boosting industrial development

In view of the industrial development plans of the two counties, we further promoted the market-oriented method of promoting poverty alleviation by accelerating industrial development in the planting industry, breeding industry, tourism industry and cultural industry. We optimized CMB cooperatives’ poverty alleviation mechanism, strengthened the training for leaders and technicians engaged in poverty

alleviation, built talent pools for rural revitalization and industrial development; constantly expanded the categories of products from poverty-stricken regions, and established diversified online and offline sales channels to effectively help farmers increase production and income.

[Case] Remarkable achievements have been achieved in supply chain-based poverty alleviation

We focused on solving the difficult dilemma caused by the market-oriented method of eliminating poverty through consumption, shifted the focus from e-commerce to supply chain, and optimized the whole chain in five aspects, and created two famous poverty alleviation brands, “Sunshine City Guava” and “Luowu Old Tree Walnuts”, which enjoy certain market competitiveness.

- **Product improvement:** CMB donated money to build the CMB Sunshine City Guava Demonstration Plantation and CMB Luowu Old Tree Walnuts Demonstration Plantation, and established CMB agricultural cooperatives; leveraged blockchain technology to realize product traceability; and adopted efficient logistics distribution method to reduce product loss and damage on the way.
- **Market expansion:** The products are not only used as gifts for employees, and gifts for marketing activities of the bank, but also sold through online platform channels such as CMB App, CMB Life App, the 27° Agricultural Products mini-program, and benlai.com, and offline channels such as Benlaixian physical stores.
- **Brand building:** We named products according to the regional characteristics and variety attributes; participated in the whole process and optimized the internal and external packaging of products. For all orders, we also randomly delivered a bonus gift of a creative cultural product in the form of the “CMB Blind Bag” embroidered by Yi embroidery workers.
- **Enhanced services:** We provided attentive after-sales service (under any conditions) and arranged specialists to provide after-sales service to customers.
- **Talent training:** CMB established the talent training fund for rural revitalization. For each gift box of Sunshine City Guava and Luowu Old Tree Walnuts sold, China Merchants Food Co., Limited donates 2 RMB to this fund to train high-quality rural revitalization talents for the two counties.

In 2021, we directly bought RMB 13.9566 million worth of agricultural products from the two counties and helped these areas sell agricultural products worth RMB 5.5802 million. In 2020, we received absolutely no consumer complaints from sales of Sunshine City Guava, and the sales revenue reached RMB 10 million. At the same time, nearly 40,000 boxes of Luowu Old Tree Walnuts were sold, demonstrating good salability.

7.1.4 Carrying Out Characteristic Practices

Based on local policies and actual conditions, CMB has adopted various measures for poverty alleviation, and carried out a series of characteristic practices in supporting the development of rural featured industries, improving the rural governance structure, and increasing rural people's income. In 2021, CMB acted as lead underwriter to issue 13 rural revitalization bonds for RMB 10.482 billion, thus effectively promoting the development of rural revitalization.

[Case] Foshan Branch launched the first "Rural Revitalization" Panda bond in China

In May 2021, Foshan Branch, which acted as lead underwriter, successfully issued the first batch of ultra-short-term financing bonds for China Traditional Chinese Medicine Holding Co., Ltd (China TCM) in 2021. After the funds raised were in place, China TCM used a part of the funds to purchase traditional Chinese medicine from farmers, cooperatives and township enterprises in Gansu, Yunnan, Sichuan, Guizhou, Shandong, Hunan, Hubei, Shanxi and other provinces. This promoted the construction of local traditional Chinese medicine planting bases, supported the development of local rural traditional Chinese medicine industry, and continuously increased farmers' income.

[Case] Hohhot Branch launched innovative financial services to support the revitalization strategy of regional dairy industry

Leveraging supply chain business and comprehensive investment and financing programs, Hohhot Branch established multiple supply chain integration project teams to actively support the construction of upstream milk source pastures of local large dairy groups in Inner Mongolia, and provided financing services for equipment, raw materials and construction funds needed by pastures. At the same time, the branch also created the "Zhao Blairian Niu (招招牛)" supply chain financing products to further meet the financing needs of Inner Mongolia Autonomous Region's industrial orientation and economic transformation, and support the revitalization strategy of the dairy industry.

By the end of 2021, the branch had provided core dairy enterprises with RMB 12.1 billion in credit line; provided 758 financing services for upstream suppliers, with a cumulative financing amount of RMB 13.25 billion; and handled 47 factoring services for downstream dealers, with an amount of RMB 4.567 billion.

[Case] Nanning Branch helped Jialong Village to lay a solid foundation for rural revitalization

Nanning Branch implemented the “one-to-one” pairing support program, and donated RMB 50,000 special funds to Jialong Village, Tiandong County, Baise City, Guangxi Autonomous Region, in order to improve the talent team building. The branch also selected 3 outstanding talents to join the village cadre team, created the “village affairs assistant” employment system, trained the backup force of well-educated village cadres with lofty ideals, and formed a village task force. In 2021, the village task force carried out a number of tasks.

- The branch partnered with the agricultural bureau and agricultural service center of Tiandong County and the agricultural township machinery station to formulate the “Jialong Village Green Fruit Sugarcane Project Plan”, successfully introduced “green fruit sugarcane” and increased local sugarcane production to more than RMB 6,000 per mu (666.5 square meters).
- The village further expanded collective economy development mode. By the end of 2021, the balance of the village’s collective income exceeded RMB 300,000, ranking first in the town.
- The branch invested RMB 134,600 to improve the rural appearance of Jialong Village, and led the villagers to plant oleander trees along the main road that leads to the village. The 2-km oleander belt has become a happy flower path in Jialong Village, and ended the mountainous village’s history of “having only green leaves but no red flowers”.

[Case] Taiyuan Branch issued the “Lyuliang Mountain Support Worker Value Recognition Card” to empower key poverty alleviation projects

The Lyuliang Mountain Support Worker program is one of the three key poverty alleviation action plans of the CPC Shanxi Committee and the People’s Government of Shanxi Province, as well as one of the five key projects in Lyuliang City. In October 2021, Taiyuan Branch and Lyuliang Municipal Human Resources and Social Security reached a cooperation to jointly explore and issue the “Lyuliang Mountain Support Worker Value Recognition Card”. The card is exempted from account management fees, card production cost fees, transfer service charges and inter-bank withdrawal operating fees, etc., in order to provide convenient and efficient financial services for support workers from the Lyuliang Mountainous areas and implement full life-cycle management in an all-round way. With care and security guarantee, the branch further promoted the high-quality development of support worker training in Lyuliang Mountainous areas, and built Lyuliang Mountain Support Worker into a famous Chinese labor brand.

[Case] Urumqi Branch developed a special planting program to consolidate the poverty alleviation achievements

To consolidate the key poverty alleviation achievements of Yikankule Village, Sahan Town, Yingjisha County, Kashgar, the village task force of Urumqi Branch took the lead in helping the village committee register and establish professional vegetable planting farmers' cooperative, and transformed the local planting agricultural projects.

- **Reconstruction of old arch sheds:** The branch invested RMB 0.2 million in the water-saving transformation of drip irrigation and sprinkler irrigation facilities in 70 arch sheds.
- **Adjust planting varieties:** They began to plant strawberries in spring and established special picking zones. The average daily sales revenue of mature strawberries in peak season exceeded RMB 2000; vegetables planted out of season in winter were purchased by county-level and township purchase organizations.

By the end of 2021, the arch shed planting program had covered 216 poverty-stricken households, and enabled rural households to achieve an annual income of RMB 190,000. The income of each shed increased by RMB 1,200 compared with that of previous year, and the average income of poverty-stricken households increased by nearly RMB 400. The branch effectively promoted the continuous increase of people's income.



Dalian Branch provided financial assistance for poor farmers and helped them solve the backlog of agricultural products

7.2 Uniting Forces for Public Welfare

In 2021, CMB continued to carry out the “More Pleasure from Monthly Donations” program and “Points for Micro Charity” program, and paid close attention to the hot issues concerning people's life. CMB also actively participated in the programs that are designed to improve people's life, and carried out various forms of public welfare activities to help achieve the goal of common prosperity. In 2021, the total amount of CMB's charitable donations reached RMB 32 million.

7.2.1 Improving Public Welfare Platform Construction

Advocating the concept of “monthly donation” and “happy donation”, we give full play to the advantages of CMB’s channels and large customer groups, encourage cardholders to participate in donation activities, promote everyone’s public welfare and implement the path of sustainable public welfare.

“More Pleasure from Monthly Donations”

We took the initiative to build a convenient public welfare donation platform for cardholders. “More Pleasure from Monthly Donations” is a small monthly donation program we launched together with many charitable institutions. It enables CMB cardholders to sign up for small monthly donation for projects through CMB’s official website or the CMB App. They can independently choose the monthly donation amount, and make donations every month via “CMB Charity”, and extend warmth to the needy groups. In 2021, RMB 3.4318 million was donated via the “More Pleasure from Monthly Donations” platform.

Projects under “More Pleasure from Monthly Donations”
One Family Monthly Donation Program
Hope Project Library
Happy Home for Children
200 KM Great Wall Border Greening Plan
Love and Education Promotion Program
Hope Kitchen
Sunflower Children’s Growth Fund

“Points for Micro Charity”

Since 2012, we have organically combined charity with credit card bonus points to launch a crowdfunding charitable platform called “Points for Micro Charity”. It allows cardholders to participate in some charity activities (such as social integration classes for autistic children, free lunches and public welfare books) through points donation. In 2021, a total of 17.5286 million points were donated via “Points for Micro Charity” platform. By the end of 2021, 540 million points have been donated since the launch of “Points for Micro Charity” platform, which can be converted into 377,000 social integration classes for autistic children, 2.579 million free lunches and 295,000 books for children.

In the future, we will continue to strengthen the “Points for Micro Charity” platform, convey the public welfare concept of “many littles make a mickle” to cardholders,

connect public welfare charity through points, and further popularize public welfare charity projects in the “non-cash donation” mode.

7.2.2 Actively Participating in Anti-pandemic Disaster Relief

In 2021, CMB established 42 new charitable trust projects, such as Zhongyuan Trust, Zhongyuan Da'ai Charitable Trust and BRTC Benevolence Disaster Relief Charitable Trust, and gave full play to the trusteeship function and served charitable causes. In the meanwhile, we bravely shouldered responsibilities, gave full play to our advantages of outlets and professional service, and fulfilled the commitment of “becoming a heartwarming bank” with practical actions.

[Case] Xi'an Branch held fast to its position to ensure people's livelihood amid the pandemic

In December 2021, Xi'an City went into lockdown due to the relapse of COVID-19 pandemic. A large number of residential areas implemented closed management. In order to ensure the local production and living needs, Xi'an Branch established a special pandemic emergency team and issued several emergency plans. After 39 local outlets were closed simultaneously, all employees made concerted efforts and successfully completed customer services with great expertise and excellent skills.

- Some employees voluntarily held fast to their posts to ensure that the year-end final accounts that need manual processing, such as tax fund settlement and central bank reconciliation, are completed on schedule.
- They overcame the difficulties caused by the closure of the city and held fast to their posts, and enabled 3 million Xi'an citizens to receive bonuses, wages and other benefits as scheduled.
- Some customers could not receive the deposit certificate within two hours due to the shutdown of express delivery. In response to customer's request for help, the Head Office and branches worked together to adopt “video verification” and return electronic certificates to help customers solve the problem.

[Case] In the face of ruthless disasters, the outlets of Zhengzhou Branch provided warm services and became sanctuary for people

In July 2021, a rare continuous heavy rainstorm dealt a heavy blow to Zhengzhou City. The rainstorm blocked the way of pedestrians on the street. In the face of the extreme weather, all business halls of Zhengzhou Branch set up stations to provide free drinking water, food, charging equipment, drugs, umbrellas, masks, disinfectants

and other goods and services for the public, demonstrating care and a strong sense of responsibility in the disaster.

- Tongbai Road Sub-branch delivered instant noodles, fried eggs, umbrellas and other materials to community staff, opened the business hall, and provided water, charging facilities and resting places.
- Songshan Road Sub-branch went all out to rescue the injured passers-by, carried out emergency treatment for the injury, and provided them with bedding and hot water, and tried every means to prevent the injury from deterioration.
- Fengqing Road Sub-branch set up a cordon immediately to prevent customers from falling into deep pits on the road, helped customers move electric vehicles to a safe place, and spared no effort to safeguard customers' lives and property.
- The staff of Weilai Road Sub-branch spent 2 hours drying 1,100 pieces of wet cash, and ensured people's property safety.
- Zijingshan Road Sub-branch allowed the customers and children who couldn't go home due to the rainstorm to spend the night in the bank.

7.2.3 Promoting Public Welfare Services

CMB has paid close attention to education, environmental protection and other public welfare fields. Relying on employee volunteers, donation platforms and foundations, CMB has carried out various forms of public welfare activities to help build a harmonious and beautiful society.

In terms of employee volunteer service, more than 10 branches, including Kunming Branch, Lanzhou Branch and Zhengzhou Branch, etc., have established a perfect and scientific employee volunteer management system, actively linked public welfare resources with employees, provided volunteer service training, and supported the continuous professional development of employee volunteer service.

[Case] Promoting public welfare on smart terminal-- the online charity discussion hall of private banks

In 2021, private banks set up an online charity discussion hall on the CMB app. Guests in the charitable sector were invited to hold themed lectures every Thursday night. The discussion topics covered rural areas, student aid, environmental protection, disaster relief, family tradition inheritance, parent-child public welfare, corporate public welfare brand building, public welfare general courses and so on. By the end of 2021, a total of 14 themed lectures 13 offline charity salons and charity experience activities were held in local branches, exerting a strong social influence.

In addition, private banks insisted on providing customers with charity consulting services, charity structure building and charity project pairing services; and provided customers with charity consulting nearly 100 times in 2021, helping many ultra-high-end customers sort out their charity ideas and select the most appropriate charity structure to achieve their charity goals. For family office customers, we also help them sort out their family spiritual wealth and integrate charity with family governance. Through charitable trusts and family trusts with charitable terms, CMB has got more than RMB 300 million of charitable assets under management, and can effectively help customers maintain and increase the value of charitable assets.

[Case] Making donations to colleges and universities to promote education sector development

In 2021, we signed donation agreements with many colleges and universities, and donated a total of RMB 4.02 million to 21 colleges and universities through direct donation or by providing college student scholarships, thus making positive contributions to the high-quality development of education in the new era.

The Nanjing Branch of CMB has made donations to nearly 10 universities for many years, including “211 Project” universities, ordinary public universities, vocational colleges, etc. Hefei Branch signed an agreement with two local key universities to set up CMB scholarships to subsidize and reward excellent college students. In 2021, Beijing Branch donated RMB 1.1 million to the foundations of four universities, including Beijing Language and Culture University, University of Science and Technology Beijing, etc. The donations were specially used to provide bursaries to college students from poor families.

In addition, since 2019, the Hong Kong Branch of CMB has participated in the “Future Stars—Upward Mobility Scholarship” project every year to subsidize local students with economic difficulties to pursue better education.

[Case] Xi'an Branch: CMB empowered the 14th National Games with robust financial services

From September 15 to October 29, 2021, the 14th National Games of the People's Republic of China, the 11th National Games for Persons with Disabilities and the 8th National Special Olympic Games were held in Xi'an City, Shaanxi Province. Xi'an Branch fully supported the work related to the 14th National Games, donated RMB 1.2 million in cash to the Organizing Committee of the 14th National Games, and was rated as the "Honorary Unit of Social Donation for the 14th National Games of the People's Republic of China". Focusing on the financial service needs of the 14th National Games, we launched a number of featured service outlets for the 14th National Games, launched the CMB city volunteer service station for the 14th National Games, selected 78 employees who passed the qualification certification and became city volunteers for the 14th National Games, deeply participated in the event service guarantee in 51 outlets under our jurisdiction, and provided a warm, clean and comfortable atmosphere for athletes and audiences.

[Case] Merchants Union Consumer Finance continuously promoted the “Twilight Plan(微光计划)” to provide better services for hardworking strivers

After the outbreak of COVID-19 pandemic in 2020, Merchants Union Consumer Finance launched the “Twilight Plan” for hardworking strivers, and provided preferential incentives (such as raising the loan limit, reducing the interest rate on loans) for a total of 5 million people with good credit after they resumed work. Moreover, it launched special preferential activities such as the Da Qi Huo(大期货) loan product and graduate resettlement plan for hardworking customers. In addition, Merchants Union Consumer Finance also organized the annual consumer event of “Heroes in the Twilight, Please Come on the Stage”, launched the annual user documentary, annual award posters, annual user selection activity, etc., and spread the real story of customers to highlight the optimistic and hardworking spirit of strivers.

In 2021, Merchants Union Consumer Finance released the 6.0 version of App, adopted “smart” negotiation for consumption limit quota, “smart” pricing negotiation, “assured” repayment and other measures to give endless discounts; realized the “smart” upgrading of loan-to-repayment procedure, provided inclusive, efficient, safe and convenient consumer financial services for strivers, and added bright color to the life of strivers.

[Case] Cigna & CMB Life Insurance mobilized the public's strength to carry out charitable activities

Cigna & CMB Life Insurance is committed to organizing public welfare activities and creating a good atmosphere for the whole society to participate in public welfare activities through public welfare donations, employee public welfare and public participation.

- Supporting the Ai You Foundation:** By the end of 2021, Cigna & CMB Life Insurance had donated a total of RMB 2 million to the “Ai You Child(爱佑童心)” program. All the donations were used for the medical and rehabilitation treatment of orphaned and poor children with congenital heart diseases. Cigna & CMB Life Insurance donated RMB 0.2 million to the “Ai You Ansheng (爱佑安生)” project, and built “Ai You Children’s Home” in Bengbu City of Anhui Province and Zhenxiong City of Yunnan Province respectively, to provide basic life assistance, scholarships, medical assistance and other emergency assistance and support for children in need.
- Carrying out the “Ai You Child” program:** Cigna & CMB Life Insurance has taken innovative measures to support the “Ai You Child” program for 3 consecutive years, and encouraged employees to make donations through charitable pop-up shops and charitable sales. While advocating a green lifestyle with practical actions, Cigna & CMB Life Insurance organized charitable sales and donated over RMB 0.2 million to the Ai You Foundation of “Ai You Ansheng” program.
- Encouraging public participation:** In conjunction with Tencent 99 Charity Day, Sina Renren Charity Festival and other activities, Cigna & CMB Life Insurance launched charitable paired donation and walking paired donation activities, and cooperated with platforms in different industries to popularize the concept of public welfare.



Kunming Branch and Yunnan Youth League Committee jointly launched the “providing voluntary services with one mobile phone” youth volunteer comprehensive service system



Putian Sub-branch of Fuzhou Branch donated anti-pandemic materials to Putian University



Jinan Branch's voluntary blood donation activity



Shijiazhuang Branch actively participated in voluntary blood donation activity

ESG Performance at a Glance

Governance Performance

Corporate Governance

Indicator	2019	2020	2021
Number of directors	17	17	16
Number of executive directors	3	3	2
Number of independent non-executive directors	6	6	6
Number of other non-executive directors	8	8	8
Number of female directors	1	1	1
Number of male directors	16	16	15
Number of non-executive directors with rich experience in the financial industry	14	14	14
Average tenure of board members (year)	6.8	5.6	6.6
Average attendance rate at board meetings (%)	97	99.45	99.73
Number of training sessions organized for board members	4	3	5

Employee Behavior Management

Indicator	2019	2020	2021
Number of employees punished for irregularities	659	391	596

Anti-corruption

Indicator	2019	2020	2021
Number of anti-corruption training sessions	91	91	91
Number of participants in anti-corruption training sessions	76,743	76,743	76,743
Number of concluded corruption lawsuits that were filed against CMB or its employees	-	0	0
Number of pre-appointment integrity talks with managers	2,194	2,223	2,204

Anti-money Laundering

Indicator	2019	2020	2021
Number of anti-money laundering training sessions	890	949	1,026
Number of participants in anti-money laundering training sessions	75,000	195,359	263,063

Procurement Management

Indicator	2019	2020	2021
Number of suppliers for centralized procurement projects	311	420	637
Number of suppliers at mainland China	311	416	611
Number of suppliers in overseas regions, HK and Macau	0	4	26
Number of suppliers included in supplier database	15,618	20,874	25,680
Number of orders placed through the CMB Cloud Procurement Platform	202,396	280,000	410,000
Number of centralized procurement projects	259	384	439
Budget of centralized procurement projects (RMB 100 million)	35.38	33.61	75.06
Average cycle of centralized procurement projects (days)	27	27	20
Ratio of centralized procurement projects that received assistance for ensuring fulfillment of obligations (%)	100	100	100
Ratio of suppliers that were inspected (%)	100	100	100

Economic Performance

Financial Performance

Indicator	2019	2020	2021
Total assets (RMB million)	7,417,240	8,361,448	9,249,021
Operating income (RMB million)	269,703	290,482	331,253
Total profit (RMB million)	117,132	122,440	148,173
Net profit (RMB million)	93,423	97,959	120,834
Total taxes (RMB 100 million)	508.65	503.06	568.68
Non-performing loan ratio (%)	1.16	1.07	0.91
Allowance coverage ratio of non-performing loans (%)	426.78	437.68	483.87
Leverage ratio (%)	6.79	7.39	8.00
Return on Average Assets Attributable to Shareholders (ROAA) (%)	1.31	1.23	1.36
Return on Average Equity Attributable to Shareholders (ROAE) (%)	16.84	15.73	16.96

Service Scale

Indicator	2019	2020	2021
Number of domestic business outlets	1,823	1,867	1,913
Number of business outlets in rural and county areas	95	95	95
Number of community banks	215	211	201
Number of outlets with barrier-free passageways	1,823	1,867	1,913
Number of domestic and overseas branches ¹	1,833	1,877	1,924
Number of domestic self-service banks	3,014	2,944	2,812
Number of self-service equipment	8,768	7,751	6,592
Number of visual counter terminals	16,750	16,559	14,746
Number of users who downloaded CMB App (ten thousand)	11,353	14,475.30	17,009.13
CMB App monthly active users (ten thousand)	5,513.63	6,126.38	6,541.69
Total transaction value of mobile banking (RMB 100 million)	331,988	409,143	596,180
Coverage rate of wholesale electronic channel customers (%)	93.22	93.05	93.67
Number of online corporate banking customers ² (ten thousand)	195.44	212.59	212.24
Number of CMB Corporate Banking APP users ² (ten thousand)	100.08	129.51	123.48
Total transaction value using the CMB Corporate Banking App (RMB 100 million)	1,076.81	3,406.45	7,777.87

Notes:

1. In 2021, the statistical caliber of this indicator is adjusted to be consistent with the *Annual Report*.
2. The data in 2021 does not include those customers who cancelled their accounts in CMB, so it is lower than that in 2020.

Service Quality

Indicator	2019	2020	2021
Connection rate of remote online omnichannel manual services (%)	97.86	98.40	97.56
Ratio of response within 20 seconds for remote online omnichannel manual services (%)	94.07	95.42	94.37
Customer satisfaction rate for remote online omnichannel manual services (%)	-	-	97.61
Ratio of intelligent self-services (%)	76.11	77.23	78.29
Quantity of manual remote banking services (ten thousand)	6,774	6,178	6,502
Quantity of services provided by online interactive robots (ten thousand)	9,943	10,622	10,571
Average response time (seconds)	4.12	3.09	4.31
Number of positive customer comments	47,423	56,042	106,521

Social Performance

Serving the Real Economy

Indicator	2019	2020	2021
Balance of loans made to strategic emerging industries	1,457.47	1,714.15	2,191.54
Percentage of loans made to support strategic emerging industries in CMB's total loans (%)	9.81	10.50	11.64
Balance of loans made to support strategic emerging industries (RMB 100 million)	-	1,011.28	1,235.59
Amount of loans granted to support cultural industry (RMB 100 million)	389.92	234.52	433.66
Balance of loans made to support cultural industry (RMB 100 million)	360.16	353.05	358.39
Number of customers registered in the "Qianying Zhanyi" program	26,000	31,430	31,713
Balance of loans made to customers registered in "Qianying Zhanyi" program	418.71	937.94	967.47

Inclusive Finance

Indicator	2019	2020	2021
Balance of inclusive finance loans to small and micro-sized businesses ¹ (RMB 100 million)	4,533.29	5,306.50	6,011.00
Amount of new inclusive finance loans to small and micro-sized enterprises in 2021 ¹ (RMB 100 million)	5,383.38	5,625.16	4,354.26
Growth rate of the balance of inclusive finance loans to small and micro-sized enterprises ^{1,2} (RMB 100 million)	15.30	17.06	18.22
Number of small and micro-sized enterprises that applied inclusive loans ¹	397,413	480,063	913,289
Balance of agriculture-related loans (RMB 100 million)	1,823.00	2,012.42	2,293.60
Increase of indemnificatory housing project loans in the year (RMB 100 million)	161.69	142.08	254.57
Balance of indemnificatory housing project loans (RMB 100 million)	615.82	559.69	689.40

Notes:

1. Since 2021, the CBIRC has stipulated that the inclusive loans for small and micro-sized enterprises refer to those loans (excluding notes) that do not exceed RMB 10 million. The annual data in 2020 and before included the standard for notes.
2. The calculation base in 2021 is the data in 2020 which was adjusted to be comparable.

Customer Rights Protection

Indicator	2020	2021
Number of investigations on new systems, products and services	4,460	34,063
Number of new systems, products and services involved in investigations	7,671	34,063
Cumulative number of consumer education activities in the year	11,170	22,608
Number of participants in consumer education activities (ten thousand)	104,107.60	64,144.20
Number of customer complaints accepted	27,992	21,628

Recruitment and Employment

Indicator	2019	2020	2021
Total number of employees ¹	84,683	90,867	103,669
Permanent employees that have signed labor contracts with CMB ²	79,282	85,883	98,453
Number of employees under labor dispatch system	5,401	4,984	5,216
Number of female employees ²	45,443	47,748	53,890
Number of male employees ²	33,839	38,135	44,563
Number of employees aged 30 and below ²	35,159	35,858	43,095
Number of employees aged between 31 and 50 ²	41,289	47,291	52,160
Number of employees aged above 50 ²	2,834	2,734	3,198
Number of employees in mainland China ³	81,957	88,069	95,648
Number of expatriate employees ²	39	33	25
Number of employees in HK, Macau and Taiwan ²	2,416	2,452	2,466
Number of new hires ²	-	9,072	9,662
New hires from campus recruitment	-	4,392	4,562
New hires from social recruitment	-	4,680	5,100
Employee turnover rate ² (%)	7.71	7.24	7.18
Female employee turnover rate (%)	7.08	6.35	6.55
Male employee turnover rate (%)	8.54	8.33	7.93
Turnover rate of employees aged 30 and below (%)	10.70	9.54	9.50
Turnover rate of employees aged between 31 and 50 (%)	5.39	5.62	5.44
Turnover rate of employees aged above 50 (%)	2.04	3.73	2.77

Notes:

1. The calculation base included employees under labor contract system and employees under labor dispatch system.
2. The calculation base included employees under labor contract system.
3. The calculation base in 2019 and 2020 included employees under labor contract system and employees under labor dispatch system, while that in 2021 included employees under labor contract system.

Diversity and Equal Opportunity

Indicator	2019	2020	2021
Number of ethnic minority employees ¹	3,292	3,586	4,210
Percentage of female employees ¹ (%)	57	56	55
Percentage of male employees ¹ (%)	43	44	45
Percentage of women among middle and senior managers ¹ (%)	21	21	23
Percentage of men among middle and senior managers ¹ (%)	79	79	77

Note:

1 The calculation base included employees under labor contract system.

Labor Relations Management

Indicator	2020	2021
Percentage of employees signing labor contracts (%)	100	100
Coverage of social insurance for employees (%)	100	100

Note:

1 The calculation base included employees under labor contract system.

Occupational Health and Safety

Indicator		2020	2021
Lost workdays due to work-related injuries ¹ (days)	2,243	2,525	2,667
Number of work-related deaths ²	-	-	0
Percentage of work-related deaths ² (%)	-	-	0

Notes:

1. The calculation base included employees who got injury leave in the whole Bank.
2. Relevant data was collected from 2021.

Training and Development

Indicator	2019	2020	2021
Employee training expenditure (RMB ten thousand)	-	-	54,215.63
Number of employee training sessions	11,898	7,452	7,202
Number of employees who accept training	71,066	75,244	76,972
Number of employees who participated in learning programs of CMB (ten thousand)	59.4	45.4	45.8

Indicator	2019	2020	2021
Number of employee participations in online study (ten thousand)	420.30	3,103	9,500
Percentage of employees who accepted training (%)	-	99	98
Percentage of male employees who accepted training (%)	94	99	98
Percentage of female employees who accepted training (%)	94	99	98
Percentage of senior executives who accepted training (%)	-	-	100
Percentage of middle-level managers who accepted training (%)	71	100	96.7
Percentage of grassroots employees who accepted training (%)	94	99	99
Per-capita learning time of employees ¹ (hours)	98.90	85.11	75.36
Average learning time of male employees (hours)	95.90	85.44	76.92
Average learning time of female employees (hours)	101	84.37	74.54
Average learning time of senior executives (hours)	-	-	50.5
Average learning time of middle-level managers (hours)	47.30	135.10	32.92
Average learning time of grassroots employees (hours)	99.20	84.80	75.59

Note:

1. In 2021, CMB implemented the principle of “light training”, reduced unnecessary centralized face-to-face training, and adopted live online training. Compared with centralized face-to-face training, live online training is quite “short, flat and fast”. In 2021, due to the impact of the relapse of COVID-19 pandemic, most centralized face-to-face training sessions were suspended or changed to online training. Therefore, the training duration in 2021 was lower than that in 2020.

Employee Satisfaction

Indicator	2021
Satisfaction rate of employees ¹ (point)	8.47
Engagement rate of Employees ² (%)	79.8

Notes:

1. The full score is 10 points.
2. The full score is 100%.

Environmental Performance

Green Finance

Indicator	2019	2020	2021
Green loans¹			
Balance of green loans (RMB 100 million)	1,672.56	2,085.88	2,638.42
Balances of loans made to industrial energy-saving and eco-friendly industries (RMB 100 million)	189.63	178.79	251.70
Balance of loans for cleaner production industries (RMB 100 million)	61.22	118.27	166.36
Balance of loans for clean energy industries (RMB 100 million)	379.88	614.79	814.27
Balance of loans for ecological environmental industries (RMB 100 million)	49.70	61.39	97.90
Balance of loans for green upgrading of infrastructure (RMB 100 million)	985.97	1,106.60	1,295.73
Balance of green service loans (RMB 100 million)	6.16	6.02	12.45
Incremental amount of green loans compared with the previous year (RMB 100 million)	-	413.32	552.54
Energy conservation and emission reduction effect of green loans²			
Annual water consumption saved from green loan projects (ten thousand tons)	-	979.77	1,638.25
Annual CO ₂ equivalent emissions reduced by green loan projects (ten thousand tons)	-	1,237.86	1,525.24
Annual SO ₂ equivalent emissions reduced by green loan projects (ten thousand tons)	-	14.28	16.55
Annual standard coal reduced by green loan projects (ten thousand tons)	-	618.80	694.29
Annual chemical oxygen demand reduced by green loan projects (ten thousand tons)	-	28.06	29.58
Annual ammonia nitrogen emissions reduced by green loan projects (ten thousand tons)	-	4.37	5.06
NOx equivalent reduced by green loan projects (ten thousand tons)	-	2.68	4.52
Reduction of exposure to sectors with overcapacity and high energy consumption and pollution			
Balance of loans made to sectors with overcapacity and high energy consumption and pollution (RMB 100 million)	1,117.61	893.65	1,047.50

Indicator	2019	2020	2021
Balance of loans made to sectors with overcapacity and high energy consumption and pollution expressed as a percentage of domestic corporate loans (%)	7.03	6.37	5.85
Balance of loans made to petroleum, coal, and nuclear fuel processing industries (RMB 100 million)	73.40	64.33	129.84
Balance of loans made to petroleum processing, coal, and nuclear fuel processing industries expressed as a percentage of domestic corporate loans (%)	0.51	0.45	0.72
Balance of loans made to chemical raw materials and chemical manufacturing industries (RMB 100 million)	213.31	246.33	271.88
Balance of loans made to chemical raw materials and chemical manufacturing industries expressed as a percentage of domestic corporate loans (%)	1.49	1.72	1.52
Balance of loans made to non-metallic mineral products industries (RMB 100 million)	122.88	123.01	173.28
Balance of loans made to non-metallic mineral products industries expressed as a percentage of domestic corporate loans (%)	0.86	0.86	0.97
Balance of loans made to ferrous metal smelting and rolling processing industries (RMB 100 million)	107.16	136.99	198.07
Balance of loans made to ferrous metal smelting, rolling and processing industries expressed as a percentage of domestic corporate loans (%)	0.75	0.96	1.11
Balance of loans made to non-ferrous metal smelting, rolling and processing industries (RMB 100 million)	87.43	61.81	47.97
Balance of loans made to non-ferrous metal smelting, rolling and processing industries expressed as a percentage of domestic corporate loans (%)	0.61	0.43	0.27
Balance of thermal power loans (RMB 100 million)	402.83	262.98	208.00
Balance of thermal power loans expressed as a percentage of domestic corporate loans (%)	2.81	1.84	1.61

Notes:

1. The calculation was carried out according to the standards of the People's Bank of China.
2. The calculation was carried out according to the *Notice of the General Office of China Banking and Insurance Regulatory Commission (CBIRC) on Relevant Work of Green Financing Statistical System* (YBJBBH [2020] No. 739) issued by the CBIRC.

Materials

Indicator	2019	2020	2021
Amount of paper used for new cards brochures and envelopes (ten thousand pieces)	2,413	2,190	2,543
Weight of paper used for card brochures and envelopes (kilograms)	-	273,180	317,815
Ratio of credit card customers using e-bills (%)	99.70	99.63	99.59
Paper saved by using e-bills (100 million sheets)	17.91	19.04	19.43

Energy Consumption and Greenhouse Gas Emissions

Indicator	2019	2020	2021
Direct energy consumption^{1,2}			
Gasoline consumption of self-owned vehicles ³ (L)	121,943.56	98,370.28	1,456,248.70
Diesel consumption of self-owned vehicles (L)	0	0	10,790.04
Natural gas consumption (m ³)	597,342	521,400	2,971,832.09
Indirect energy consumption^{1,2}			
Total purchased electricity consumption (m ³)	16,008.12	15,554.88	389,988.79
Total energy consumption of purchased heat (GJ)	-	-	47,981.15
Greenhouse gas emissions			
Total greenhouse gas emissions ^{1,2,4} (tons of CO ₂ equivalent)	10,059.62	9,592.69	242,943.98
(Direct) greenhouse gas emissions of Scope 1 (tons of CO ₂ equivalent)	1,621.74	1,393.71	9,951.60
(Indirect) greenhouse gas emissions of Scope 2 (tons of CO ₂ equivalent)	8,437.88	8,198.98	232,992.38
Greenhouse gas emission per capita (tons of CO ₂ equivalent per person)	-	-	3.82
Energy consumption of data centers			
Average PUE of self-owned data centers ⁵	1.65	1.62	1.57
Total power consumption of self-owned data centers ⁵ (kWh)	33,568,314	69,771,361	73,735,313

Notes:

1. The calculation base of energy consumption and greenhouse gas emissions in 2019 and 2020 only included the Head Office building, while the calculation base of energy consumption and greenhouse gas emissions in 2021 included the CMB's Head Office and 44 branches in China. Specifically, the calculation base of water resource consumption in 2021 included: the office areas of Head Office in Shenzhen, Beijing, Shanghai, Chengdu and Hangzhou; all jurisdictions of Ningbo Branch, Wuxi Branch, Wenzhou Branch, Nantong Branch, Beijing Branch, Tianjin Branch, Jinan Branch, Yantai Branch, Shijiazhuang branch, Tangshan Branch, Guangzhou Branch, Shenzhen Branch, Fuzhou Branch, Foshan Branch, Shenyang Branch, Harbin Branch, Nanchang Branch, Zhengzhou Branch, Taiyuan Branch, Haikou Branch, Chengdu Branch, Urumqi branch, Kunming Branch, Nanning Branch, Yinchuan Branch, Xining Branch; as well as the headquarters of Shanghai Branch, Nanjing Branch, Hangzhou Branch, Suzhou Branch, Qingdao Branch, Xiamen Branch, Quanzhou Branch, Dongguan Branch, Dalian Branch, Changchun Branch, Wuhan Branch, Changsha Branch, Hefei Branch, Lanzhou Branch, Xi'an Branch, Chongqing Branch, Hohhot Branch and Guiyang Branch.
2. CMB has employed green energy consultants to continuously promote the green operation of office property. In the future, CMB will gradually complete energy planning and platform construction in the bank according to professional opinions, gradually promote the setting of energy consumption and greenhouse gas emission targets in the Head Office and branches, and conduct information disclosure work.
3. The unit of indicator in 2019 and 2020 is "L".
4. For the calculation method of greenhouse gas emissions and the selection of emission factors of various energy sources in 2021, we mainly referenced the *Reporting Guidance on Environmental KPIs* of the Stock Exchange of Hong Kong Limited, *Accounting Methods and Reporting Guidelines for the Greenhouse Gas Emissions of Public Building Operation Enterprises (Trial)* issued by the National Development and Reform Commission, the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises - Power Generation Facilities* (Revised in 2021) (Draft for Soliciting Opinions) issued by the Ministry of Ecology and Environment, the *General Rules for Accounting and Reporting the Greenhouse Gas Emissions of Industrial Enterprises (GB/T 32150)* issued by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of P.R.C., etc. For the calculation method of greenhouse gas emissions and the selection of emission factors of various energy sources in 2019 and 2020, please refer to the *2020 China Merchants Bank Sustainability Report*.
5. The calculation base in 2019 included CMB Shenzhen Data Center, while the calculation base in 2020 and 2021 included CMB Shenzhen Data Center and CMB Shanghai Data Center.

Water Resource Management

Indicator	2019	2020	2021
Total water consumption ^{1,2} (ton)	105,304	92,918	2,034,565.14
Total municipal water supply(ton)	-	-	1,981,972.30
Total barreled water consumption (ton)	-	-	28,917.23
Total bottled water consumption (ton)	-	-	23,675.61
Water consumption per capita (ton per person)	-	-	31.98

Notes:

1. The calculation base of water resource consumption in 2019 and 2020 only included the water resource consumption of the Head Office building, while the calculation base of water resource consumption in 2021 included the CMB's Head Office and 44 branches in China. Specifically, the calculation base of water resource consumption in 2021 included: the office areas of Head Office in Shenzhen, Beijing, Shanghai, Chengdu and Hangzhou; all jurisdictions of Ningbo Branch, Wuxi Branch, Wenzhou Branch, Nantong Branch, Beijing Branch, Tianjin Branch, Jinan Branch, Yantai Branch, Shijiazhuang branch, Tangshan Branch, Guangzhou Branch, Shenzhen Branch, Fuzhou Branch, Foshan Branch, Shenyang Branch, Harbin Branch, Nanchang Branch, Zhengzhou Branch, Taiyuan Branch, Haikou Branch, Chengdu Branch, Urumqi branch, Kunming Branch, Nanning Branch, Yinchuan Branch, Xining Branch; as well as the headquarters of Shanghai Branch, Nanjing Branch, Hangzhou Branch, Suzhou Branch, Qingdao Branch, Xiamen Branch, Quanzhou Branch, Dongguan Branch, Dalian Branch, Changchun Branch, Wuhan Branch, Changsha Branch, Hefei Branch, Lanzhou Branch, Xi'an Branch, Chongqing Branch, Hohhot Branch and Guiyang Branch.
2. In the future, CMB will gradually improve the water consumption calculation process, promote the setting of water consumption targets in the Head Office and branches and conduct information disclosure work.

Waste Management

Indicator	2021
Total non-hazardous wastes (tons) ¹	3,818,770.73

Note:

1. The calculation base included the office areas of the Head Office in Shenzhen, Beijing, Shanghai, Chengdu and Hangzhou.

Appendix: List of Important Policies and Rules on ESG Related Issues of China Merchants Bank

Topic	Name of Policies and Rules
Risk Management	<ul style="list-style-type: none"> • <i>CMB Notice on Printing and Distributing the Comprehensive Risk Management Measures</i> 《招商银行关于印发综合风险管理办法的通知》 • <i>CMB Notice on Printing and Distributing the Risk Culture, Strategy and Preference (Third Edition)</i> 《招商银行关于印发风险文化、策略和偏好（第三版）的通知》 • <i>CMB Notice on Printing and Distributing the Credit Risk Portfolio Management Measures</i> 《招商银行关于印发信用风险组合管理办法的通知》 • <i>CMB Notice on Printing and Distributing the Corporate Customer Credit Management Measures (Fifth Edition)</i> 《招商银行关于印发集团客户授信管理办法（第五版）的通知》 • <i>CMB Notice on Revising and Supplementing the Corporate Customer Credit Management Measures (Fifth Edition)</i> 《招商银行关于印发集团客户授信管理办法（第五版）的通知》 • <i>CMB Notice on Printing and Distributing the Joint Credit Extension Management Measures</i> 《招商银行关于印发联合授信管理办法的通知》 • <i>CMB Notice on Printing and Distributing the Unified Credit Rating Management System (Second Edition)</i> 《招商银行关于印发信用评级统一管理制度（第二版）的通知》 • <i>CMB Notice on Printing, Distributing and Implementing the New Capital Accord Compliance Management Measures (Second Edition)</i> 《招商银行关于印发实施新资本协议合规管理办法（第二版）的通知》 • <i>CMB General Policy on Stress Test (Second Edition)</i> 《招商银行压力测试总体政策（第二版）》 • <i>CMB Notice on Printing and Distributing Country-based Risk Management Measures (Second Edition)</i> 《招商银行关于印发国别风险管理办法（第二版）的通知》
Employee Behavior Management	<ul style="list-style-type: none"> • <i>CMB Employee Behavior Compliance Handbook</i> 《招商银行员工行为合规手册》 • <i>Prohibitions for CMB's Employees</i> 《招商银行从业人员行为禁令》 • <i>CMB Detailed Code of Conduct for Employees</i> 《招商银行员工行为细则》

Topic	Name of Policies and Rules
Anti-money Laundering	<ul style="list-style-type: none"> • Basic policy and rules: <i>CMB Anti-Money Laundering and Sanction Compliance Policy</i> 《招商银行反洗钱与制裁合规政策》 • Fundamental policy and rules: <i>CMB Measures for Administration of Anti-Money Laundering and Sanction Compliance</i> 《招商银行反洗钱与制裁合规管理办法》, <i>CMB Measures for Administration of Customer Due Diligence and Customer Identity Data and Transaction Records</i> 《招商银行客户身份识别与客户身份资料交易记录管理办法》, etc. • Special management rules: <i>CMB Audit Policy on Anti-Money Laundering and Sanction Compliance</i> 《招商银行反洗钱与制裁合规审计政策》, <i>CMB Measures for Anti-Money Laundering Information Management</i> 《招商银行反洗钱信息管理办法》, <i>CMB Guidelines for Anti-Money Laundering Monitoring Instruments</i> 《招商银行反洗钱监测工具指引》, etc. • Special business regulations and rules: <i>CMB Guidelines for Retail Finance Anti-Money Laundering and Sanction Compliance Management</i> 《招商银行零售金融反洗钱与制裁合规管理指引》, etc.
Anti-corruption	<ul style="list-style-type: none"> • <i>CMB Administrative Measures for Disciplinary Inspection and Supervision on Complaint and Whistleblowing</i> 《纪检监察信访举报工作管理办法》 • <i>CMB Administrative Measures for Criminal Cases</i> 《招商银行涉刑案件管理办法》 • <i>CMB Measures for Handling Employees' Violation of Rules and Disciplines</i> 《招商银行员工违规违纪行为处理办法》 • <i>Ten Rules of CMB on Right Behaviors and Disciplines</i> 《招商银行正风肃纪十项铁律》

Topic	Name of Policies and Rules
Internal Audit	<ul style="list-style-type: none"> • Audit regulations: <i>CMB Notice on Printing and Distributing the Internal Audit Regulations/ Rules (Fourth Edition)</i> 《招商银行关于印发内部审计章程（第四版）的通知》 • Auditing standards: <i>CMB Notice on Printing and Distributing the Code of Professional Ethics for Auditors</i> 《招商银行关于印发审计人员职业道德准则的通知》 and <i>CMB Notice on Printing and Distributing the Internal Audit Operating Standards</i> 《招商银行关于印发内部审计作业准则（第二版）的通知》 • Management measures: <i>CMB Notice on Printing and Distributing the Internal Audit Management Measures for Overseas Branches</i> 《招商银行关于印发境外分行内部审计工作管理办法的通知》, <i>CMB Notice on Printing and Distributing the Internal Control and Evaluation Measures (Second Edition)</i> 《招商银行关于印发内部控制评价办法(第二版)的通知》, <i>CMB Notice on Printing and Distributing the Management Measures for the Audit and Verification of Employee Irregularities</i> 《招商银行关于印发员工异常行为审计查证管理办法的通知》, etc. • Audit policies (guidelines): <i>CMB Notice on Printing and Distributing the Information Technology Audit Policy</i> 招商银行关于印发信息科技审计政策的通知》, <i>CMB Notice on Printing and Distributing the Consumer Rights Protection Audit Policy</i> 《招商银行关于印发消费者权益保护审计政策的通知》, <i>CMB Notice on Printing and Distributing the Anti-Money Laundering and Sanction Compliance Audit Policy</i> 《招商银行关于印发反洗钱与制裁合规审计政策的通知》, etc.

Topic	Name of Policies and Rules
Information Security	<ul style="list-style-type: none"> • <i>CMB Computer Information Security Guidelines (Second Edition)</i> 《招商银行计算机信息安全指引（第二版）》 • <i>CMB Information Technology Risk Management Policy (Second Edition)</i> 《招商银行信息科技风险管理政策（第二版）》 • <i>CMB Confidentiality Management Measures (Second Edition)</i> 《招商银行保密管理办法》（第二版） • <i>CMB Implementation Rules for Data Security Management (Second Edition)</i> 《招商银行数据安全管理实施细则（第二版）》 • <i>CMB Measures for Information System Security Scanning Management (Third Edition)</i> 《招商银行信息系统安全扫描管理办法（第三版）》 • <i>CMB Regulations on the Computer Information System Security Management for Employees (Third Edition)</i> 《招商银行员工使用计算机信息系统安全管理规定(第三版)》 • <i>CMB Firewall Management Measures (Fourth Edition)</i> 《招商银行防火墙管理办法（第四版）》 • <i>CMB Network Security Vulnerability Management Measures</i> 《招商银行网络安全漏洞管理办法》 • <i>CMB Information Technology Outsourcing Risk Management Guidelines (Third Edition)</i> 《招商银行信息科技外包风险管理指引（第三版）》 • <i>CMB Information System Emergency Management Measures (Fifth Edition)</i> 《招商银行信息系统突发事件管理办法（第五版）》
Consumer Rights Protection	<ul style="list-style-type: none"> • <i>CMB Measures for Retail Finance Personal Information Management (Fifth Edition)</i> 《招商银行零售金融个人信息管理办法（第五版）》 • <i>CMB Measures for Assessing Individual Investment Risk Tolerance (Third Edition)</i> 《招商银行个人投资风险承受能力评估办法（第三版）》 • <i>CMB Rules Governing Customer Complaints Management</i> 《招商银行客户投诉管理办法》 • <i>CMB Notice on Further Strengthening the Protection of Consumers' Rights and Interests and Comprehensively Improving the Service Quality</i> 《招商银行关于进一步加强消费者权益保护全面提升服务质量的通知》 • <i>CMB Assessment and Evaluation Plan for Consumer Rights Protection</i> 《招商银行消费者权益保护工作考核评价方案》

Topic	Name of Policies and Rules
Recruitment and Employment	<ul style="list-style-type: none"> • <i>CMB Intern Management Measures</i> 《招商银行实习生管理办法》 • <i>CMB Intern Management Measures</i> 《招商银行校园招聘工作指引》 • <i>Employee Resignation Management Measures (Second Edition)</i> 《招商银行员工离职管理办法（第二版）》CMB • <i>CMB Labor Contract Management Measures (Second Edition)</i> 《招商银行劳动合同管理办法（第二版）》 • <i>CMB Social Recruitment Management Measures</i> 《招商银行社会招聘管理办法》
Green Finance	<ul style="list-style-type: none"> • Relevant credit policies for major green industries include: <i>Green Credit Policy</i> 《绿色信贷政策》, <i>Credit Policy for Wind Power Generation Industry</i> 《风力发电行业信贷政策》, <i>Credit Policy for Photovoltaic Power Generation Industry</i> 《光伏发电行业信贷政策》, <i>Credit Policy for Hydropower Industry</i> 《水电行业信贷政策》, <i>Credit Policy for Biomass Power Generation Industry</i> 《生物质能发电行业信贷政策》, <i>Credit Policy for Energy Conservation and Eco-friendly Industries</i> 《节能环保行业信贷政策》, <i>Credit Policy for Water Environment Pollution Prevention and Control Industry</i> 《水环境污染防治行业信贷政策》, and <i>Credit Policy for the New Energy Vehicle Industry</i> 《新能源汽车行业信贷政策》 • Relevant credit policies for major brown industries include: <i>Credit Policy for Coal Industry</i> 《煤炭行业信贷政策》, <i>Credit Policy for Thermal Power Industry</i> 《火电行业信贷政策》, <i>Credit Policy for Iron and Steel Industry</i> 《钢铁行业信贷政策》, <i>Credit Policy for Non-Ferrous Metal Smelting and Rolling (Excluding Electrolytic Aluminum) Industries</i> 《有色金属冶炼及压延（不含电解铝）行业信贷政策》, <i>Credit Policy for Electrolytic Aluminum Industry</i> 《电解铝行业信贷政策》, <i>Credit Policy for Petrochemical Industry</i> 《石油化工行业信贷政策》, <i>Credit Policy for Paper Industry</i> 《造纸行业信贷政策》 and <i>Credit Policy for Cement Industry</i> 《水泥行业信贷政策》

Independent Limited Assurance Report



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Independent Assurance Report on the Sustainability Report

安永华明 (2022) 专字第 60621222_A01 号
China Merchants Bank Company Limited

To the Board of Directors of China Merchants Bank Company Limited

We have been engaged to express a limited assurance opinion on the selected key data as at 31 December 2021 and for the year then ended in the 2021 Sustainability Report prepared by the China Merchants Bank Company Limited (the "China Merchants Bank").

Selected Key Data

The selected key data in the 2021 Sustainability Report of China Merchants Bank for 2021 that is covered by this report is as follows:

- Number of centralized procurement projects
- Average cycle of centralized procurement projects (days)
- Total number of employees
- Number of new hires
- Employee turnover rate (%)
- Percentage of female employees (%)
- Percentage of women among middle and senior managers (%)
- Number of new hires from campus recruitment
- Number of ethnic minority employees
- Number of employees who accept training
- Customer satisfaction rate for remote online omnichannel manual service (%)
- Quantity of services provided by the online interactive robot (ten thousand)
- Number of users who downloaded CMB App (ten thousand)
- Average PUE (power usage effectiveness) of self-owned data centers
- Balance of inclusive loans to small and micro-sized enterprises (RMB 100 million)
- Balance of green loans (RMB 100 million)
- Points donated via "Points for Micro Charity" in the year (ten thousand)
- Ratio of credit card customers using e-bills (%)
- Total power consumption of self-owned data centers (kWh)
- Total water consumption of CMB (ton)
- Total greenhouse gas emissions of CMB (tons of CO₂ equivalent)

Our assurance was with respect to the selected key data as at 31 December 2021 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2021 Sustainability Report.





Independent Assurance Report on the Sustainability Report

安永华明 (2022) 专字第 60621222_A01 号
China Merchants Bank Company Limited

Criteria

The criteria used by China Merchants Bank to prepare the selected key data in the 2021 Sustainability Report is set out in the Reporting Standards of the selected key data (the "Reporting Standards") within the "About the Report" of the 2021 Sustainability Report.

The Board of Directors' Responsibilities

The Board of Directors of China Merchants Bank are responsible for selecting the Reporting Standards, and for presenting the selected key data in accordance with the Reporting Standards within the 2021 Sustainability Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the selected key data, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the selected key data as at 31 December 2021 and for the year then ended in the 2021 Sustainability Report based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the selected key data in the 2021 Sustainability Report is presented in accordance with the Reporting Standards, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. Our team has required competencies and experience for this assurance



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engagement. And we have complied with the quality control requirements of the International Standard on Quality Control 1.

Description of procedures performed

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

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected key data in the 2021 Sustainability Report and related information, and applying analytical and other appropriate procedures.

Our work was performed at the Head Office and Hangzhou Branch of China Merchants Bank, which includes:

- Interviews with management and personnel in the departments involved in providing information for inclusion in the 2021 Sustainability Report in relation to the selected key data,
- Analytical procedures,
- Examination, on a test basis, of documentary evidence,
- Recalculation,
- Other procedures deemed necessary.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected key data as at 31 December 2021 and for the year then ended in the 2021 Sustainability Report, in order for it to be in accordance with the Reporting Standards.



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Supplementary observations

We also referred to *AA1000 Accountability Principles 2018* and conducted inquiries and interviews with managers of different departments of China Merchants Bank on the application of the Principles of inclusivity, materiality, responsiveness and impact. Our work was restricted to gaining China Merchants Bank's understanding of the Principles of inclusivity, materiality, responsiveness and impact, thus we do not express any assurance opinion according to *AA1000 Accountability Principles 2018*.

We have the following observations:

1) Inclusivity

China Merchants Bank identified the government and regulators, shareholders and investors, customers and consumers, employees, suppliers and partners and communities as stakeholders, and understood the needs and priorities of stakeholders. In addition, while determining development strategies, formulating development plans, formulating business policies and daily business operations, China Merchants Bank adhered to "building the most social responsibility bank" as one of its strategic objectives, optimized and upgraded the sunflower responsibility concept model, and considered stakeholders expectations and their impact. We suggest that China Merchants Bank further improve the stakeholder participation process, implement appropriate, powerful, comprehensive and objective stakeholder participation strategies, plans and methods, and provide multiple channels for stakeholders to participate in the decision-making of China Merchants Bank to continuously improve the performance of sustainable development

2) Materiality

China Merchants Bank integrated the needs and focus of stakeholders, financial performance, industry characteristics, policy requirements, social impacts and other factors, identified and qualitatively and quantitatively disclosed the substantive issues and selected key data of China Merchants Bank's sustainable development work, and prioritized it. We suggest that China Merchants Bank could consider further developing the identification process of substantive issues to guide the management and employees to identify, evaluate, report and prioritize various substantive issues related to China Merchants Bank's sustainable development.

3) Responsiveness



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China Merchants Bank developed relevant polices, objectives and action plans in accordance with its business characteristics, and responded to substantive issues by improving the governance structure, management system and process, and establishing diversified stakeholder communication channels. We suggest that China Merchants Bank further clarify the division of responsibilities and refine the process guidance, accordingly make a better, timely and relevant response to substantive issues.

4) Impact

China Merchants Bank evaluated and disclosed the direct and indirect impact of substantive issues on economy, environment, society and stakeholders in a quantitative or qualitative way. We suggest that China Merchants Bank further clarify and improve the assessment process of the impact of substantive issues, in order to evaluate, manage and disclose the impact of substantive issues better and objectively, and use the impact evaluation results in the decision-making and management of internal organizational governance, strategy, goal setting and operation.

Restricted use

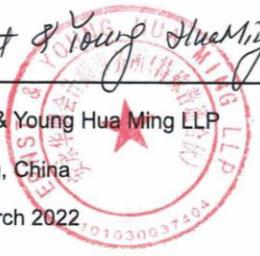
Our report has been prepared for and only for the board of directors of China Merchants Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

Beijing, China

11 March 2022



A member firm of Ernst & Young Global Limited

Relevant Content Index

HKEx Environmental, Social and Governance Reporting Guide Content Index

Subject Areas, Aspects, General Disclosure and KPIs		Page Number
<i>A. Environment</i>		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharge into water and on land, and generation of hazardous and non-hazardous waste.	112
KPI A1.1	The types of emissions and respective emissions data.	197-198
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	197-198
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	No available calculation mechanism has been established yet, but it is planned to be disclosed in the future
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	199
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	112-116, 197-198
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	112-116, 199
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	112-116
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	197-198

	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	199
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	112-116, 197-198
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for appropriate purposes, water efficiency target(s) set and steps taken to achieve them.	112-116, 199
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	197
Aspect A3: Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.		88-96
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	88-96
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		88-96
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	88-96
<i>B. Social</i>			
Employment and Labor Practices			
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	KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	192
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	192

Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		161-168
	KPI B2.1	Number and rate of work-related fatalities occurring in each of the past three years including the reporting year.	193
	KPI B2.2	Lost days due to work injury.	193
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	161-168
Aspect B3: Development and Training	General Disclosure Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities.		156-161
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	193-194
	KPI B3.2	The average training hours completed per employee by gender and employee category.	193-194
Aspect B4: Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.		151
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	151
	KPI B4.2	Description of steps taken to eliminate these practices when discovered.	151
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	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	51-52

	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	51-52
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	51-52
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		125-148
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	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	138-142
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	51-52
	KPI B6.4	Description of quality assurance process and recall procedures.	125-129
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Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		43-45
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	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	171-187

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TCFD Recommended Disclosures	Page Number
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b. Describe management's role in assessing and managing climate-related risks and opportunities.	85-87
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
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b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	88-98
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c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	87
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Reader Feedback

Dear readers:

Thank you for reading this report. To continuously improve our social responsibility work, increase our social responsibility fulfillment ability, level of management, and optimize the quality of preparing social responsibility reports, we sincerely hope you can take time out of your busy schedule to put forth your valuable opinions and suggestions.

Please make assessments by answering the following questions:

1. Do you think the report provided the information you need to know?	Yes <input type="checkbox"/> Somewhat <input type="checkbox"/> No <input type="checkbox"/>
2. Do you think the report has fully reflected the economic, social and environmental performance of China Merchants Bank?	Yes <input type="checkbox"/> Somewhat <input type="checkbox"/> No <input type="checkbox"/>
3. Do you think the report can comprehensively respond to the expectations and demands of China Merchants Bank's stakeholders?	Yes <input type="checkbox"/> Somewhat <input type="checkbox"/> No <input type="checkbox"/>
4. Do you think the quantitative information disclosure in the report is positive, true and effective?	Yes <input type="checkbox"/> Somewhat <input type="checkbox"/> No <input type="checkbox"/>
5. Do you think the writing in the report is well organized, uses common language and easy to understand?	Yes <input type="checkbox"/> Somewhat <input type="checkbox"/> No <input type="checkbox"/>
6. Do you think the format design of the report can help you understand relevant information?	Yes <input type="checkbox"/> Somewhat <input type="checkbox"/> No <input type="checkbox"/>
7. If you have a more detailed assessment and/or feedback, please write and let us know: _____	

You can give your opinion to us through the following methods:

Fax: 0755-83195555

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E-mail: office@cmbchina.com

The English version is the translation of China Merchants Bank Sustainability Report for 2021 (Chinese version). Should there be any inconsistencies between Chinese and English versions, the Chinese version shall prevail.